The Mass
Khayader 1
Radnorshire.
31st May 1903

To
The Secretary for Foreign Affairs.

Sir,

I am in receipt of Your Lordships favour of the 14th inst re my Claim for compensation against Imperial Chinese Railways in lieu of notice.

I am pleased to hear that some-thing has been set down against me to be met when Railway Indemnity is paid but at the same time I should like to point out that half pay for five months is totally inadequate with what I am really entitled to according my Agreement with Company; in which it is set down as 6 months notice & first-Class passage home.

In 1900 the whole Staff were paid up fully to end of July, in which month a notice was issued stating we would receive half pay until end of December plus an allowance for passage home (the latter being somewhat less than the actual cost of passage) again in September another notice was issued stating that owing to

further reduction of the staff I could draw these sums at once & leave the Service.

So that it was really in September I actually got my dismissal but even should Company reckon it from end of July I am still entitled to 4 months half pay plus balance still due to passage money.

I shall be pleased if your Lordship will forward this to His Majesty's Chargé d'Affaires at Pekin.

I have preserved the notices & they are in keeping with my Solicitors but I shall be pleased to forward them, if so desired, for your Lordship's inspection.

I am, Sir.

Yours obediently,

A.R. Hoyle.

The Thames Iron Works Shipbuilding & Engineering Co. Ltd.

Telegrams. "THAMES" LONDON.

Head Office. ORCHARD YARD, BLACKWALL, E.
City Office. 17, PHILPOT LANE, E.C.

Telephone. 48 EASTERN. 5959 AVENUE.

Nearest Station. BLACKWALL, G.E.R.

Orchard Yard,
Blackwall, E.

PLEASE REPLY TO THE SECRETARY, ORCHARD YARD, BLACKWALL.

29th June 1903.

The Secretary of State for Foreign Affairs.

Foreign Office. London. S.W.

My Lord,

Imperial Railways of North China.

I beg to acknowledge receipt of your letter of the 27th instant, and to say that we have already received from the Hong Kong & Shanghai Bank a payment which more than covers the balance of our account. There now remains only our claim for interest, the exact amount of which we have no doubt we shall be able to agree with the Imperial Railways.

My directors desire me to convey to you their best thanks for the valuable assistance you have been good enough to give them in this matter.

I am, My Lord,

Your most obedient servant,

H P Kinney

Secretary.

Mr. H. A. R. Hoyle
Mr. Grey
Mr. 31 May
Mr. 2 June 1903

[Rec'd 2d May 14/03]

Mr. H. Hoyle's claim against Imperial Chinese Railways.

Explains that he is entitled to 9 months half pay, balance of passage allowance.

Mr. Hoyle does not seem to mind so much having to wait as the prospect of only getting five months instead of the seven months or even 9 months half pay which he claims

with P.C. Finch 8 with 19
2d Copy Mr. Kinney for communication to Northern Railways

Communication has been made and all Hoyle for the notice. We can then take acquiescence and send them on to Kinney for, referring the original. C.S.C.

Mr 6/03 Feb 6

Mr. 4 June 6/03

379 Ch: Dom

Somerset Lodge

FOREIGN OFFICE,
June 30, 1903.

Draft.

Treasury.

Print (China)

Mr. Townley No. 138 (in print)
April 9

+ do. No. 159 (in MS.)
April 22

Sir:-

I am directed by the Marquess of Lansdowne to transmit to you a copy of a despatch from His Majesty's Chargé d'Affaires containing a detailed statement furnished by the Imperial Northern Railways Administration of China of their claim for losses sustained by them in consequence of the Boxer disturbances in China in 1900.

This statement contains three items in regard to which it will be necessary to obtain further particulars but before making enquiries on the subject from Mr. Townley and in other well-informed quarters, His Lordship is enquiring whether the

British

Chinese Northern Railways Shipping & Engineering Co.
R 27 June 1903
(By 70 June 27/03)

Imperial Railway of North China
Claim for interest remains.
Thanks for assistance by F.O.

662. G.D.

British and Chinese Corporation can supply any explanations thereon.

1. In No. 1 on page 4 there is a charge of £1,951.16.5. for expenditure on telegrams, "as per Statements attached".

The statements appear however not to have been forwarded and ~~His Lordship would be glad to learn~~ the particulars of expenditure under this heading. will be ascertained.

2. In Nos. 11 and 12 (see pages 14-18). It is not clear whether the figures under No. 11 shew the gross amount spent to repair the damage done to the railway or only the expenditure incurred by the Administration in addition to the £90,000 advanced by the British Railway Administration for the line. If the figures represent the gross amount spent in repairs, the item of £90,000 contained

contained in No. 12 would appear to be a double charge.

3. In No. 20 (page 23) under the heading debtor to the British and Chinese Corporation, a charge is made for "amount of claim on account of losses in connection with the boring operations at Nanpiao as presented to His Britannic Majesty's Claims Commissioner".

The claim is for £13,814.4.5. less £4,834.3.0. allowed by Mr. Wilkinson the British Claims Commissioner, "under the assumption that a portion of the plant remained uninjured".

Some explanation should be forthcoming as to why this ~~point~~ claim which has apparently already been before the Claims Commissioner as a private claim is now again brought forward as a railway claim.

Lord

Lord Lansdowne is also enquiring whether the Corporation are in a position to supply some information in regard to whether any, and, if so, what, portion of the £121,655.14.11. charged by the Administration for damage to the extra mural section of the railway is, or will be, covered by the sum of £150,000 which the Russian Government is understood to be claiming as compensation for the expenses incurred by them in the repair of that section.

I am also to transmit to you a copy of a despatch from His Majesty's Chargé d'Affaires at Peking, + submitting a scheme for the payment of the Northern Railways Indemnity Claim drawn up by Mr. E. G. Hillier of the Hong Kong and Shanghai Banking Corporation.

In

In view of the present difference between the market and face values of Chinese Indemnity bonds, Mr. Hillier proposes to utilize, as security for a loan for £450,000 (roughly speaking the amount of the Railway claim) to be raised by the Railway Administration, the interest on the whole of the £800,000 worth of Chinese Indemnity bonds set apart by His Majesty's Government to provide compensation to the Administration.

No provision is made in the scheme for the repayment to China of such reasonable compensation as she may give to Russia for the expenses of repairs &c. carried out by the latter during her occupation of ~~the extra-mural~~ that portion of the line, though it appears from Mr. Hillier's conversation with Mr. Townley that the former contemplates

out of the £300,000 included in the British claims on account of the Extra-mural Railway

3 - 2020 992

contemplates the possibility of His Majesty's Government feeling bound to return to the Chinese Government such a portion of the Railway indemnity bonds as would suffice to provide for such repayment.

I am to enquire whether it appears to the Lords Commissioners of His Majesty's Treasury that this scheme, if adopted, would constitute a settlement of the question which would be fair to the Chinese Government as well as to the Railway Administration.

Lord Lansdowne will also be glad to receive any general observations on the subject which Their Lordships may wish to make.

Fab

No. 1.

Foreign Office to Treasury.

Sir, *Foreign Office, June* 30, 1903.

I AM directed by the Marquess of Lansdowne to transmit to you a copy of a despatch from His Majesty's Chargé d'Affaires,* containing a detailed statement furnished by the Imperial Northern Railways' Administration of China of their claim for losses sustained by them in consequence of the Boxer disturbances in China in 1900.

This statement contains three items in regard to which it will be necessary to obtain further particulars, but before making inquiries on the subject from Mr. Townley and in other well-informed quarters, his Lordship is inquiring whether the British and Chinese Corporation can supply any explanations thereon.

1. In No. 1, on page 4, there is a charge of 1,951*l.* 16*s.* 5*d.* for expenditure on telegrams, "as per statements attached."

The statements appear, however, not to have been forwarded, and the particulars of expenditure under this heading will be ascertained.

2. In Nos. 11 and 12 (see pp. 14–18), it is not clear whether the figures under No. 11 show the gross amount spent to repair the damage done to the railway or only the expenditure incurred by the Administration in addition to the 90,000*l.* advanced by the British Railway Administration for the line. If the figures represent the gross amount spent in repairs, the item of 90,000*l.* contained in No. 12 would appear to be a double charge.

3. In No. 20 (p. 23), under the heading debtor to the British and Chinese Corporation, charge is made for "amount of claim on account of losses in connection with the boring operations at Nanpiao, as presented to His Britannic Majesty's Claims Commissioner."

The claim is for 13,814*l.* 4*s.* 5*d.* less 4,834*l.* 3*s.*, allowed by Mr. Wilkinson, the British Claims Commissioner, "under the assumption that a portion of the plant remained uninjured."

Some explanation should be forthcoming as to why this claim, which has apparently already been before the Claims Commissioner as a private claim, is now again brought forward as a railway claim.

Lord Lansdowne is also inquiring whether the Corporation are in a position to supply some information in regard to whether any, and, if so, what, portion of the 121,655*l.* 14*s.* 11*d.*, charged by the Administration for damage to the extra-mural section of the railway is, or will be, covered by the sum of 150,000*l.* which the Russian Government is understood to be claiming as compensation for the expenses incurred by them in the repair of that section.

I am also to transmit to you a copy of a despatch from His Majesty's Chargé d'Affaires at Peking,† submitting a scheme for the payment of the Northern Railways' Indemnity Claim, drawn up by Mr. E. G. Hillier, of the Hong Kong and Shanghae Banking Corporation.

In view of the present difference between the market and face values of Chinese indemnity bonds, Mr. Hillier proposes to utilize, as security for a loan for 450,000*l.* (roughly speaking the amount of the railway claim) to be raised by the Railway Administration, the interest on the whole of the 800,000*l.* worth of Chinese indemnity bonds set apart by His Majesty's Government to provide compensation to the Administration.

No provision is made in the scheme for the repayment to China, out of the 300,000*l.* included in the British claims on account of the extra-mural railway, of such reasonable compensation as she may give to Russia for the expenses of repairs, &c., carried out by the latter during her occupation of that portion of the line, though it appears, from Mr. Hillier's conversation with Mr. Townley, that the former contemplates the possibility of His Majesty's Government feeling bound to return to

* Mr. Townley, No. 138, April 9, 1903.

† Mr. Townley, No. 159, April 22, 1903.

Draft to Treasury 30 June 1903

Chinese Northern Railways Administration of China
Indemnity Claim
Despatch of Mr. Townley's Nos 138 & 159 of 1903: for observations.

Returned

the Chinese Government such a portion of the railway indemnity bonds as would suffice to provide for such repayment.

I am to inquire whether it appears to the Lords Commissioners of His Majesty's Treasury that this scheme, if adopted, would constitute a settlement of the question which would be fair to the Chinese Government as well as to the Railway Administration.

Lord Lansdowne will also be glad to receive any general observations on the subject which their Lordships may wish to make.

I am, &c.
(Signed) F. A. CAMPBELL.

To Treasury
June 30. 1903

Imperial Northern Railways claim

THE BRITISH AND CHINESE CORPORATION, LIMITED.

2, Lombard Street, London, E.C.

July 7th. 1903.

Francis A. Campbell Esq.,

Foreign Office, S. W.

Sir,

We beg to acknowledge the receipt on the 2nd. instant of your letter of the 30th. ultimo enclosing by direction of the Marquess of Lansdowne a copy of a despatch from His Majesty's Charge d'Affaires at Peking containing a detailed statement furnished by the Imperial Northern Railway Administration of China of their claim for losses sustained by the Railway in consequence of the Boxer disturbances in China in 1900.

We regret that our reply to His Lordship's request for information in regard to certain items must be more or less of a general nature, the claim having been made up in Tientsin and all the documents and vouchers being held there as per Mr. Cousins' letter of April 4th. accompanying the despatch.

No. 1. £1,951. 16. 5. This item is a charge made by this Corporation for the actual cost of telegrams transmitted on the affairs of the Railway and rightly incurred on behalf of the Administration in connection with the protection of the Bondholders Security, Tungchow Extension, and in regard to arrangements for avoiding default in the payment of interest. A list of the telegrams sent from London commencing April 1899 was furnished to our Agents in the East who added to it their telegrams and then submitted a complete statement to H. M. Charge d'Affaires. We may add that the Corporation has made

no claim for the services of itself and Agents during the long period of trouble.

No. 2. We believe the explanation to be that whereas the £90,000 provided by and to be repaid to H. M. Government has been included in the claim credit has been given per contra in the expenditure for £90,000 so that the sum appears on both sides of the Account. If the whole of the £90,000 has not been expended it appears to us that credit should be given for the balance by the holder either H. M. Government or the Railway Administration as the case may be.

No. 3. £13,814. 4. 5 for Boring operations at Nanpiao, less £4,834. 3/- allowed by Mr. Wilkinson in 1901, under the assumption that a portion of the plant remained uninjured. The operations at Nanpiao are on joint account of the Railway Administration and this Corporation and on February 2nd. 1902, we received advices and furnished copies to the Marquess of Lansdowne that a further and complete destruction of the plant had taken place and we thereupon instructed our Agents to claim a total loss. Since the claim was formulated our Engineer has been able to visit Nanpiao and on the 4th. ultimo we received his report dated 20th. April that the condition of the plant is much the same as in 1901. It would therefore appear that the total destruction reported in February 1902 was incorrect and we have therefore no alternative but to withdraw it under that heading. But we beg that it may be allowed as compensation for three years enforced cessation of work on a promising undertaking in which as stated the Railway Administration is jointly interested with this Corporation.

The £121,655. 14. 11 for damage to the extra mural

3.

portion of the Railway appears to us to be the net damage notwithstanding the alleged Russian expenditure of £150,000. The full damage would therefore appear to be £271,655. 14. 11 and this it seems to us is the contention of Mr. Cousins as reported by H. M. Charge d' Affaires in his despatch p. 1, para. 4.

We are,

Sir,

Your obedient Servants,

THE BRITISH AND CHINESE CORPORATION, LIMITED.

per.

W. Kinwick

Chairman.

FOREIGN OFFICE,
July 17, 1903.

Draft.

Mr. Townley.

No. 205

Print (China)

British and Chinese

Corp. July 7

Mr. Townley 138

April 9 '03

Sir:-

I have received your despatch No. 138 of April 9th last containing a detailed statement furnished by Imperial Northern Railways Administration of China of their claim for losses sustained by them in consequence of the Boxer disturbances in China in 1900.

This statement contains three items in regard to which it ~~will be~~ appeared necessary to obtain further particulars before the amounts claimed therein ~~can obtain~~ could receive the sanction of His Majesty's Government. ~~These are as follows:-~~

1. In No. 1 on page 4 of the accompanying printed copy of your despatch there is a charge of

£1,951.16.5.

£1,951.16.5. for expenditure on telegrams, "as per Statements attached".

The statements ~~appear however~~ were, however, not ~~to have been~~ forwarded and ~~His Lordship would be glad to learn the particulars of expenditure under this heading.~~ There was nothing to show why this expenditure had been incurred.

(2) In Nos. 11 and 12 (see pages 14-18). It is not clear whether the figures under No. 11 shew the gross amount spent to repair the damage done to the railway or only the expenditure incurred by the Administration in addition to the £90,000 advanced by the British Railway Administration for the line. If the figures represent the gross amount spent in repairs, the item of £90,000 contained in No. 12 would appear to be a double charge.

3. In No. 20 (page 23) under the

the heading "debtor to the British and Chinese Corporation", a charge is made for "amount of claim on account of losses in connection with the boring operations at Nanpiao as presented to His Britannic Majesty's Claims Commissioner".

The claim is for £13,814.4.5. less £4,834.3.0. allowed by Mr. Wilkinson "under the assumption that a portion of the plant remained uninjured".

Some explanation should be forthcoming as to why this claim which has apparently already been before the Claims Commissioner as a private claim is now again brought forward as a railway claim.

Moreover it was not clear from the statement whether any, and, if so, what, portion of the £121,655.14.11. charged

charged by the Administration for damage to the extra mural section of the railway is, or will be, covered by the sum of £150,000 which the Russian Government is understood to be claiming as compensation for the expenses incurred by them in the repair of that section.

The British and Chinese Corporation were therefore requested to furnish, if possible, some explanation on these subjects.

I transmit to you a copy of their reply, on which I have to make the following observations:

The reply in regard to No. 1 appears to be a satisfactory explanation.

The explanation as to No. 2 does not appear to me to clear up our doubts. If the repairs which have been effected with the £90,000 are in-

cluded

included in the claim for losses and damage under heading 11, the Railway Administration have made a double charge as this sum appears under heading 12. If the £90,000 advanced by His Majesty's Government was expended on repairs not mentioned under heading 11 ~~one would have expected to find~~ some mention of the fact might have been expected.

No. 3. The compensation for three years cessation of work should properly have been included in Mr. Wilkinson's award if the claim was legitimate, but ~~I presume that~~ it would presumably have been disallowed as consequential damages. His Majesty's Government might perhaps ~~have~~ pass~~ed~~ the claim under heading 20 if the Railway Administration ~~Corporation had been~~ were able to ~~show~~ prove that the facts brought to light since Mr. Wilkinson's award showed a greater destruction of

plant

3-2054-3

plant than they were aware of when the claim was sent to him.

I request that you will furnish me with any observations on points 2 and 3, as well as on the question of the charge made for losses on the extra mural line, which you may be able to offer after consultation with the Northern Railways Administration and with the Representative of the Corporation in China. Moreover, in the case of point 3, you should ascertain from Mr. Wilkinson whether he considers the present claim for losses on the Nanpiao mines to be legitimate.

I have to inform you that, subject to the receipt of satisfactory explanation on these points, His Majesty's Government are prepared to accept the figures put in by the Northern Railways Administration.

It

cluded

It would, ~~however~~ moreover, also be satisfactory if the vouchers for the items given in the statement were examined by a Representative of His Majesty's Legation; I shall therefore be glad to learn whether such an examination has been held or, if not, whether steps can be taken to hold one.

As regards your despatch No. 159 of the 22nd of April last I have to state that the Treasury are now being consulted on the subject of the scheme drawn up by Mr. Hillier for utilizing assecurity for a loan to be raised by the Railways Administration the sum set apart out of Chinese Indemnity funds as compensation to the Administration and that a further communication will be addressed to you as soon as this Department is in receipt of their reply.

JRS

BRITISH RAILWAY ADMINISTRATION.

Telephone Number 2001 GERRARD.
Telegraphic Address "COAXIAL, LONDON"

CONSULTING ENGINEERS.
SIR JOHN WOLFE BARRY, M. INST. C.E.
A. J. BARRY, M. INST. C.E.

7, The Sanctuary,
Westminster, S.W.

London, 6th August, 1903.

5. enclos.

From the Consulting Engineers.

To The Under Secretary of State for Foreign Affairs,
Foreign Office, Downing Street, S.W.

Sir,

IMPERIAL RAILWAYS OF NORTH CHINA.

We have the honour to request your consideration of the following circumstances:-

In July 1899 we were appointed by the then Director General as Consulting Engineers to the Imperial Railways of North China, and at his request we sent an Assistant, Mr. P. P. Dease, to China.

In April 1902, when the Railway was placed under the control of the British Railway Administration, our appointment was continued and in February 1903, when the Railway was restored to the Chinese Administration, the Director, M. J. Liang, wrote stating that our appointment would not be renewed after its expiry in April 1903.

We have had considerable difficulty in obtaining from the Chinese Administration a settlement of our accounts for fees and expenses, and we requested His Majesty's Minister at Peking to take action in the matter.

We now beg to enclose a copy of a letter we have received from Mr. Townley at Peking with an attached memorandum by the

Draft
Mr. Townley
No. 305
F.O. July 17, 1903
[Ref. his No. 738]
Claim of Imp. Northern Ry. Administration of China.
Ment. copy of Brit. Chinese Corp. July 17 with observns. thereon.

Print (China).

386 Ca: 4.

present Chinese Railway Administration criticising our charges, and we forward also a draft of our proposed reply.

An important item in our reply is a copy of a letter from Chang Yen Mow, the late Director General, dated April 14th 1901. The original of this letter we also enclose, together with a copy, and we should be much obliged if you would, after comparing the copy with the original, forward it to Sir Ernest Satow with your certificate that it is a correct copy.

Mr. Arthur J. Barry would be happy to call upon you by appointment if you should desire any additional information.

We have the honour to be,

Sir,

Your obedient Servants,

for Sir John Wolfe Barry & self.

A. J. Barry

Copy.

Peking.

3 June, 1903.

Sir,

In continuation of Sir E.Satow's letter of the 3rd September last, I beg to inform you that as soon as the North China Railway had been handed over for a sufficiently long time for the Chinese Railway Administration to have entered into full possession of all the details of its working and accounts, I presented your claim against the Railway Administration to the Directors General, Yuan Shih Kai and Hu Yu Fen.

I have today received their reply in which they furnish me with a memorandum dealing with your claim, and asked to be furnished with fuller information upon certain points.

I beg to enclose copy of this memorandum for your information. You will perceive therefrom that the Administration does not contest your claim to remuneration as to amounts due from the Railway before the Boxer rising of 1900, including Mr.Dease's salary up to the destruction of the Railway and the expenses of his journey home. The Administration ask certain questions as to the claim on Mr.Dease's behalf for services rendered after the destruction of the Railway, which they consider should be properly payable under the Chinese Indemnity, if chargeable at all.

Finally, you will perceive that the Administration do not consider themselves liable, for the reasons as set forth in the memorandum, for the items of your claim entitled "Retaining Fee for two years from July 1900 to July 1902".

I am sending a copy of this communication to Mr,Hughes of Chingwangtao, and I shall be happy to submit any observations you may wish to make to the Directors General of the Railway.

I am, Sir,

Your most obedient,
humble Servant,
(sgd) Walter Townley.

Copy.

Imperial Railways of North China.

Tientsin, 29th April, 1903.

Upon subjecting the claims of Messrs Sir John Wolfe Barry and A.J.Barry to analysis it appears the items may be divided under three heads.

First. Amounts due from the Railways before the Boxer rising. These are properly payable by the Railway. They are the items for advising on the position of railway affairs and reporting same to the Administration £525, and for expenses incurred in Peking, Tientsin, Newchwang, on the Railway etc. £153. 10. 0. and so much of Mr.Dease's salary unpaid to date of the destruction of the Railway, say June 1900, together with the expenses of his return to England, this being stated by the Barrys as payable under Contract with Mr.Dease.

Second. Items which are properly chargeable to Indemnity account as being debts incurred by the Railway with corresponding value received; on this account we are prepared to admit so much of Mr. Dease's salary as is due for the period between the cessation of business and the end of his year of service, viz 21 July 1900, together with proper allowances during that period.

The Barrys claim also on Mr.Dease's account £750. for 9 months of a second year of service, to wit, up to 21 April,1901. We beg to inquire in what capacity Mr.Dease remained in China during the military occupation of the Railways. If Mr.Dease was furnished with a written contract we should like to know its terms, so as to ascertain what our obligations were as to notice etc.

In this connection we beg to call to mind that during his connection with the Railways prior to the Boxer uprising, Mr.Dease received several hundred dollars a month. Were these amounts credited solely to allowance account ?

Third. Items for which we cannot admit any obligation. These items are lumped together as "Retaining Fee for two years from July 1900 to July 1902". The first year of relations with the Barrys

Draft reply to His Excellency Sir Ernest Satow.

Westminster, S.W.

1903. 21

Your Excellency,

We beg to acknowledge with thanks the receipt of Mr.Townley's letter of the 3rd of June 1903 addressed to our Senior together with the memorandum from the Chinese Railway Administration commenting on our claim in respect of the North China Railway.

The total amount of our claim is £3,039. 7. 11. made up as follows:-

	£:	s:	d:
1. Fee for the services of Mr.A.J.Barry in China.	525.	0.	0.
2. Expenses of Mr.A.J.Barry in China.....	153.	10.	0.
3. Salary of Mr.P.P.Dease 9 months to 21st July1900.	750.	0.	0.
4. do. do. do. 9 months to 21st April '01.	750.	0.	0.
5. Retaining Fee in advance due July 1900 for year ending July 1901.....	400.	0.	0.
6. Retaining Fee in advance due July 1901 for year ending July 1902.....	400.	0.	0.
7. Telegrams.....	39.	7.	5.
8. Clerks time and sundry expenses in London.....	21.	10.	6.
	£3,039.	7.	11.

The Administration admit the items 1, 2, & 3 amounting to £1,428. 10. 0.

With regard to item 4, being Mr.Dease's salary from July 1900 to April 1901, we have to remark that Mr.Dease remained at call at the request of the Director General so as to be of service in case of necessity, and during the whole time Mr.Dease was in constant communication with the Directorate and with other parties. Mr. Dease's allowances were provided by the Administration during this period, and, further, his passage home, the liability for which is

admitted by the present Directorate, was paid by the Administration. Under the terms of our Agreement with Mr.Dease, which was entered into with the authority of the late Director General and a copy of
10.
11. which we enclose, we are liable for the amount of his salary to 21st April 1901 when the notice to terminate his Agreement expired. The objections to our claim to be reimbursed are therefore unwarrantable. The payments made to Mr.Dease by the Administration in China were solely in respect of allowances and expenses, and you will observe that we make no claim except for Mr.Dease's salary. We attach a
10.
12. copy of a letter from Chang Yi the late Director General dated 14th April 1901 which was brought to us by Mr.Dease on his return, from which you will see the Director General was fully aware of Mr.Dease's position. The original of this letter we have submitted to the Foreign Office here with a request that a certified copy of it might be forwarded to you. We would also, in further confirmation, refer Your Excellency to your statement in your letter to Lord Lansdowne of December 20th 1900 in which Mr.Dease is referred to as our representative (see Blue Book - China. No.7 (1901)).

With regard to the next two items (Nos.5 & 6) namely, the Retaining Fee for the years July 1900 to 1901 and July 1901 to 1902, as the Administration gave us no intimation that our services were not required, our Retainer naturally held good and we were precluded from accepting other Retainers, for with regard to what the Directors say as to our having accepted a Retainer from the British Railway Administration, it is to be observed that that Retainer was not accepted till April 1902, nine months after the second of the two

Retaining Fees claimed became due and seven months after the claim for that fee had been made against the Chinese Administration. The British Railway Administration was simply the locum tenens of the Chinese Administration and in accepting the Retainer we were acting in the interests of the Chinese Administration; but as the two Retainers overlap by about three months we should be prepared to give the Chinese Administration credit for a corresponding proportion (say £100.) although it is customary to consider Retaining fees to be due in advance and not to be subject to variation afterwards.

After the Chinese Administration resumed control of the Railway we received a communication dated 24th February 1903 from M.J.Liang, Director, informing us that our appointment would not be

Enclo. No.3. continued - We enclose a copy of this communication for your information.

With regard to the next item, No.7, we annex a list of

Enclo. No.4. the cablegrams despatched with the purport of their contents.

The last item, No.8, is for sundry expenses incurred in London in connection with the work, for which, under our arrangement with the Chinese Administration, we are entitled to charge, and of

Enclo. No.5. which we enclose particulars.

We would therefore beg Your Excellency to be good enough to explain the matter to the Chinese Railway Administration and to request them to promptly settle our account which has now been outstanding for a long time.

We have the honour to be,
Your Excellency's obedient Servants,
for Sir John Wolfe Barry & self.

His Excellency
Sir E.Satow G.C.M.G. &c &c

Enclosure No.1.

MEMORANDUM OF AGREEMENT made the twenty-first day of July One thousand eight hundred and ninety-nine

B E T W E E N SIR JOHN WOLFE BARRY K.C.B. and ARTHUR JOHN BARRY both of 21 Delahay Street in the City of Westminster Civil Engineers (hereinafter called "the Firm") of the one part and PATRICK PAGET DEASE now resident at Bath Civil Engineer of the other part WHEREAS the Firm hold the appointment of Consulting Engineers to the Department of the Administrator General of Imperial Railways in Northern China (hereinafter called "the Department") and it has become necessary for them to appoint a Deputy to proceed to China and on their behalf to perform the duties and exercise the limited powers hereinafter mentioned AND WHEREAS the Firm acting as such Consulting Engineers as aforesaid have agreed to appoint the said Patrick Paget Dease as such Deputy which appointment he has agreed to accept subject to the terms and conditions hereinafter mentioned. NOW IT IS HEREBY MUTUALLY AGREED by and between the parties hereto as follows that is to say:-

1. THE said Patrick Paget Dease will proceed forthwith and with as much expedition as possible from London to Tientsin in Northern China and will take up his residence in the last mentioned place or such other place or places as may from time to time be appointed as his head quarters either by the Firm or by the Administrator General of the Department (hereinafter called "the Administrator") or as may become necessary having regard to the exigencies of the duties to be performed by him under this Agreement.

2. THE duties to be performed by the said Patrick Paget Dease are as follows:-

(a) TO enquire into and carefully examine all matters in any way connected with Railway or other affairs in which the Department is interested or upon which the Administrator or the Firm may require advice or assistance.

(b) FOR the purpose aforesaid to travel from time to time to all such places as may be necessary or as may be indicated to the said Patrick Paget Dease either by the Firm or by the Administrator or his Representative.

(c) TO report to the Firm at intervals as frequently as may be possible all such matters as may be of interest or importance for the purpose of enabling the Firm to advise the Department from time to time and whenever in his judgment it may be necessary or desirable to do so he shall report to the Firm confidentially.

(d) TO furnish copies to the Administrator or his Representative of all such reports (except confidential Reports) as the said Patrick Paget Dease may consider necessary or as the Administrator or his Representative may desire.

(e) TO employ his whole time in the service of the Firm and the Department and generally to obey and carry out their instructions.

3. THE said Patrick Paget Dease shall not in any circumstances furnish or disclose to any person other than the Firm or the Administrator or his Representative any report of information received by him while acting under this Agreement or any opinion formed by him AND it is hereby further specially understood and agreed that in his communications with the Administrator he is not to commit the Firm in any way or to sign anything for or on their behalf without distinct and special authority from them in each case by letter or cablegram.

4. THE engagement of the said Patrick Paget Dease shall begin as from the date of this Agreement and shall continue subject as next provided until the twenty-fourth day of June One thousand nine hundred The Firm shall be entitled to determine the said engagement at any time after the Twenty-fourth day of December One thousand eight hundred and ninety-nine by giving to the said Patrick Paget Dease not less than Three calendar months' notice by letter or cablegram and the said Patrick Paget Dease shall be entitled in the

event of his being unable to procure from the Government of India an extension of his leave beyond the said Twenty-fourth day of December One thousand eight hundred and ninety-nine to determine the said engagement at such a date as will admit of his return to India by that ~~date~~ day provided (but not otherwise) he gives notice to the Firm by cablegram or otherwise of his intention so to do not later than the Fifteenth day of October One thousand eight hundred and ninety-nine. Should the said engagement not be determined previously to the said Twenty-fourth day of June One thousand nine hundred it shall continue to subsist upon the same terms and conditions but either party shall be at liberty to determine it upon giving to the other not less than three calendar months' notice by letter or cablegram.

5. THE said Patrick Paget Dease shall receive by way of salary during his engagement at the rate of One thousand pounds per annum such salary to be paid to him by monthly instalments either in London or China at his option and if paid to him in China the same shall be paid in Shanghai Taels at the sight rate of exchange of the day in London. The Firm as Agents of the Department undertake that the Department shall also pay to the said Patrick Paget Dease all travelling expenses (including his fare from Bath to Tientsin and his personal expenses in London) properly incurred by him in connection with this Agreement and also house accommodation in accordance with his position and subsistence allowance when away from head quarters the amount of such expenses accommodation and allowance (exclusive of fare from London to Tientsin and personal expenses in London as aforesaid) not to exceed in any event the sum of Five hundred Pounds per annum. The Firm shall also pay to the said Patrick Paget Dease the cost of his return journey at the end of his engagement hereunder.

6. THE said salary shall cease as from the day on which any notice determining the said engagement expires but in the event of

Enclosure No 2

such determination the said Patrick Paget Deane shall be entitled to receive the sum of One hundred and twenty-five pounds in lieu of salary on his return journey.

7. IF any dispute or question shall arise between the parties hereto with respect to the construction meaning or effect of this Agreement or of any Clause or thing herein contained or otherwise in relation to this Agreement the same shall be referred to the arbitration of two persons (one to be appointed by each party) or their Umpire and this shall be deemed to be a submission to arbitration within the Arbitration Act 1889 or any then subsisting Statutory modification thereof and the provisions of such Act or of the Statute modifying the same shall apply so far as may be.

AS WITNESS the hands of the parties

WITNESS. PATRICK PAGET DEANE.

J.Henry Hutt,

21 Delahay Street.

Enclosure No 2

Copy.

Directorate General of Mines for
Chihli & Jehol.

Tientsin, 14th April, 1901.

Dear Mr.Barry,

Mr.Dease having declared his intention to return to England without delay, I have assented to the separation because I see as yet no prospect for the exercise of the functions confided to me by H.M.the Emperor and for giving to Mr.Dease a position such as I should like him to occupy in the Railway service of China as your delegate and the adviser of the Directorate General of Railways.

During the 18 months Mr.Dease has been serving the Directorate General of Northern Railways his position has, I know, been far from pleasant because he had to deal with all the difficulties which, as you well know, hampered my own work.

But under very trying circumstances he has never ceased to show readiness to work for the Directorate General, to defend the interests represented by it, and to face arising or existing difficulties with good humor, patience, and judgment.

I therefore feel in duty bound to thank you for having placed Mr.Dease's service at the disposal of the Directorate General and express sorrow on the occasion of his leaving the Imperial Railway service.

I remain,

Dear Mr.Barry,

Yours sincerely,

謀 燕 張

Directorate General
Imperial Railway of North China.

Enclosure No. 3.

opy.

Imperial Railways of North China.

o. 983. Tientsin, 24th February, 1903.

VIA SIBERIA.

Messrs Sir John Wolfe Barry & A.J.Barry,

Consulting Engineers,

7 The Sanctuary, Westminster,

London, S.W. England.

Dear Sirs,

With reference to the Agreement with the British Railway Administration as expressed in your letter of the 13th June 1902 and Colonel Browne's reply of the 2nd August 1902 in which your services were retained as Consulting Engineers to the late Administration for one year from the 7th April 1902, I beg to bring to your notice that this agreement will not be renewed by us for another year.

In view of this arrangement I shall be glad therefore by your kindly acknowledging this at your early convenience, and oblige.

Yours faithfully,

(sgd) M.J.Liang.

Director.

PARTICULARS of ITEM 7 - TELEGRAMS.

		£.	s.	d.
900. July.	Kingsley, Kaiping, Shanghai. Telegraph any news Detring, Dease, Fraser, Hughes at Tientsin, Arthur Barry, Delahay Street. (half cost) 16 words.	2.	4.	0.
July.	P.P.Dease. We recommend you to return Tientsin to assist traffic on Railway, repairs generally. Will not insist if dangerous exceptionally. Barry, (coded 14 words)	4.	0.	2.
st 10th.	Kingsley, care Kaiping, Shanghai. Telegraph addresses Hoover, Fraser, Detring, Hughes, Dease. Barry. (12 words ½ cost)	1.	13.	0.
ber 20.	Dease, Care of Sili, Shanghai. Your telegram received. Cannot see telegram you mention; explain. Barry. (Coded 12 words)	3.	11.	8.
1901 5th.	Detring, Tientsin. If Chang wishes us (or Me) to take action here in any matter he must formally instruct us direct. If Railway bonds coupons are not promptly paid Bank probably will foreclose. Barry. (Coded 24 words)	6.	12.	0.
March.	P.P.Dease, Tientsin. We wrote you November 18th giving notice to terminate present engagement March 31st unless you make other arrangements with Chang. Have you received letter. (Coded 14 words)	4.	0.	8.
	Carried forward.	22.	1.	2.

		£.	s.	d.
	Brought forward.	22.	1.	2.
901				
th April.	Detring, Tientsin.			
	Will you instruct Dease from us to insist on payment in full of salary from October 1899 with allowances and Passage money before leaving. Telegraph when may we expect remittance. Barry. (Coded 18 words)	4.	19.	0.
th May.	P.P.Dease, Tientsin.			
	Referring to your letter of 29th March Cannot renew Agreement terminated 31st March; this does not affect our position Consulting Engineer Railway. You need not wait until settlement outstanding claims. (Coded 17 words)	4.	17.	9.
th July.	Chang, Care Detring, Tientsin.			
	Dease reports our claim unsettled. If unsettled July 31st firm insist upon applying to Foreign Minister. Reply by wire as early as possible. Barry. (Coded 17 words)	4.	13.	6.
st.	Telegram from Dease, Tientsin.			
	Your letter dated 15th December has not yet arrived. Termination engagement notified Dease Tientsin. (Coded 10 words)	2.	18.	0.
		£ 39.	7.	5.

Enclosure No.5.

PARTICULARS OF ITEM 8.

CLERKS' TIME & SUNDRY EXPENSES.

IN LONDON.

	£:	s:	d:
CLERKS' TIME & OFFICE EXPENSES.....	13.	0.	0.
PETTY CASH & SUNDRIES.....	2.	1.	0.
SOLICITOR'S FEE (MR.DEASE'S AGREEMENT).....	6.	9.	6.
	21.	10.	6.

Enclos: 2.
Sir W. Barry
and Mr. A. Barry
Aug. 6. 1903

Copy. Directorate General of Mines for Chihli & Jehol. 33

Tientsin, 14th April 1901.

Dear Mr.Barry,

Mr.Dease having declared his intention to return to England without delay, I have assented to the separation because I see as yet no prospect for the exercise of the functions confided to me by H.M.the Emperor and for giving to Mr.Dease a position such as I should like him to occupy in the Railway service of China as your delegate and the adviser of the Directorate General of Railways.

During the 18 months Mr.Dease has been serving the Directorate General of Northern Railways his position has, I know, been far from pleasant because he had to deal with all the difficulties which, as you well know, hampered my own work.

But under very trying circumstances he has never ceased to show readiness to work for the Directorate General, to defend the interests represented by it, and to face arising or existing difficulties with good humor, patience, and judgment.

I therefore feel in duty bound to thank you for having placed Mr.Dease's service at the disposal of the Directorate General and express sorrow on the occasion of his leaving the Imperial Railway service.

I remain,

Dear Mr.Barry.

Yours sincerely,

張燕謀

Directorate General,

Imperial Railway of North China.

Sir J. Wolf Barry. Aug 6. 1903

FOREIGN OFFICE

34

It is quite unusual for this office to certify as to the correctness of Documents with which it has no connection; And, unless there exist some very good reason for doing so, it does not seem desirable that we should issue such a certificate.

The proper course would be for Sir J. Wolf Barry to make a Declaration or Affidavit before

Mr Bosse

Enclosure 3 in Sir Wolf Barry's letter of Aug. 6. 1903.

This seems to be the safer plan.

Write to the firm

This is certainly the more correct course.

Before a Notary public and the genuineness of the letter. The signature of the Secretary would then be attested by the H.M.C. or the F.O. signature would then be attested by this office. The document would then be sent to China with a covering letter, [illegible] in writing this office in any legal proceeding.

Dft. Sir J.W. Barry
Aug. 19/03
17

Any further communication on this subject should be addressed to—

The Under Secretary of State,
War Office,
London, S.W.,

and the following number quoted.

War Office,
London, S.W.

10th August, 1903.

7842/1954
(F.7.)

Sir,

I am directed by the Secretary of State for War to advert to your letter of 21st February 1901 and subsequent correspondence respecting an advance of £90,000 made from Army Funds to the British and Chinese Corporation for the purchase of rolling stock and materials for the repair of the North China Railway line between Yangtsun and Shan hai kwan. The Secretary of State for Foreign Affairs will remember that the amount was advanced on the understanding that it would be refunded to this Department out of any sum received by the Corporation from the Chinese Government by way of indemnity or compensation.

I am to enquire whether it can now be stated when repayment is likely to be made.

I am,

Sir,

Your obedient Servant,

E Wood

The Under Secretary of State,
Foreign Office.

H. B. Brooke.

F.O. 36

Aug. 17 1903.

Dft.

J. Wolfe Barry K.C.B.,
Wm. A. J. Barry,
7 The Sanctuary,
Westminster
S.W.

Gentlemen,

I am directed by the Marquess of Lansdowne to acknowledge the receipt of your letter of the 6th inst. respg. your claim for fees & expenses as Consulting Engineers to the Imperial Railways of North China.

With regard to the letter from Chang Yen Mow of April 14th, 1901, the original and copy of

Inc. 3 in
Sir J. W. Barry Aug. 6.

Mr. Bertram to Mr. Little
about Hillier's claim
Hold until K. returns on
June 30.

I think we have the
letter shortly, as we
have not yet been
issued, & also of our
letter asking for
Peking to be asked to
expedite the
charge. Meanwhile let
the money & get initialed
to avoid correspondence we
can do.

F.O. 1908

Dft.
Aug 24/03.

D. 10
R. 11 August 1903

Reg. F.O. 21/8/01

Address from Army Trades
for Repair of North China
Railway.
When will payment be
made?

We have received
from the Railway
Administration their
claim and have asked
for explanations with
regard

793 Ch: Dom

Mr. Hillier's
solicitors for the
payment of the Railway
claim to "before the
Tsongli Yamen" and until he
gives an answer from
Mr. Bertram can form no
opinion as to how
the claim will be
met. Meanwhile nothing
can be done until
the question of the bonds
is settled with the
Chinese

Q. Reply that the
accounts of the Railway
are being examined
& the claim will be
considered.

Received and has
been referred back for
explanations.

Add that we
cannot form any
opinion as to when
the £90,000 will be
paid, as the bonds
have not yet been issued.

We may add also

Cook

which are herewith returned, I am to state that if you will ~~be so good as~~ to make an affidavit or declaration before a notary public as to the genuineness of the letter, afterwards taking steps for the certification of the notary's signature by the Home Office, this Dept. will ~~have~~ ~~pleasure~~ ~~in~~ ~~completing~~ the document, ~~when~~ ~~it~~ verify ~~certify~~ the signature of the official who may sign for the Home Office and

it will be forwarded ~~to~~ H.M. Minister at Peking.

I am to call your attention to the fact that the first paragraph of the copy of the letter supplied by you contains a clerical error, the word "delegate" being misspelt.

F.A.C.

FOREIGN OFFICE.

August 24 1903.

Draft.

War Office.

Sir:-

I am directed by the Marquess of Lansdowne to acknowledge the receipt of your letter 7842/1954 of the 10th. instant, asking when the British and Chinese Corporation are likely to repay the advance of £90,000 made from Army Funds for the purchase of rolling stock and materials for the repair of the North China Railway line between Yangtsun and Shanhaikwan.

In reply I am directed by His Lordship to inform you that the Imperial Northern Railways Administration have furnished to this Department through His Majesty's Chargé d'Affaires at Peking, a detailed statement of their

Print (China)

Draft.
Sir P. Wolff Barry
F.W. & O.J. Barry.
F.O. Aug. 17. 1903

[Copy: China of Aug. 4/03]
Tels. &c., as Travelling Engineers to Imp.l Railways of N. China.
Returns mig. Report of Chang Yen Mao's letter, requests affidavit as to its genuineness for Treasury & Peking.
Calls attention to Official Corr. in copy.

604 Ch: Por

their claim for damage and losses sustained ~~by them~~, in consequence of the Boxer disturbances in China in 1900, and Mr. Townley has been instructed to request the administration to furnish ~~for~~ further particulars with regard to certain items contained in the statement. One doubtful point, on which the Administration have been asked for explanations, was as to whether certain figures in the statement shewed the gross amount spent to repair the damage done to the railway or only the expenditure incurred in addition to the £90,000 advanced. In the former case the figures would seem to indicate that a double charge has been made, i.e. one for the repayment of the sum due to the British Administration and another for the cost of the repairs which were defrayed by the latter

latter out of that same sum. A scheme for the payment of the Railway claim drawn up by Mr. E.G.Hillier of the Hongkong and Shanghai Banking Corporation, which has been received from His Majesty's Chargé d'Affaires at Peking, has been referred to the Lords Commissioners of His Majesty's Treasury for their opinion as to whether, if adopted, it would constitute a fair settlement, and until Their Lordships' reply is received, no opinion can be formed as to how the claim will be met.

~~[illegible] reply to His Majesty's Commissioners has however [illegible] from the Chinese Government.~~ In the meantime Interest on the whole Railway claim at 4% per annum is being received from the Chinese Gov't.

FAL

A. J. BARRY.
R. LESLIE.
C. EGERTON.

Telephone Number 2001, GERRARD.
Telegraphic Address "COAXIAL, LONDON."

7, The Sanctuary,
Westminster, S.W.

40

7th September, 1903.

The Under Secretary of State,

Foreign Office,

S.W.

Sir,

With reference to your letter of the 17th August, regarding our claim against the Imperial Railways of North China, we have the honour to report that we have acted on your directions and the Under Secretary of State in the Home Department has returned the declaration to us with the Notary's signature certified by that Department, and countersigned at the Foreign Office, and we submit it herewith, along with a copy of Chang Yen Mow's letter to the address of Mr. A.J.Barry dated April 14th 1901. The original of Chang Yen Mow's letter is now kept here. We have the honour to ask that you will, as proposed, forward the documents to His Majesty's Minister at Peking.

The clerical error in the copy of Chang Yen Mow's letter has been duly corrected.

With many thanks for the assistance you have been good enough to afford to us-

We have the honour to be,

Sir,.

Your obedient Servants,

for J.Wolfe Barry & self.

A. J. Barry.

2.Enclosures.

No. 1 Office
2 O Aug 24 1903
Received 10 Sep 1903

Payment of £70,000 advanced from Money Paid to Account of N China Railway

Explaining Arrangement made of repudiation

Print (Office)

627. Ch. Dom.

A. G. Brooke.

F.O.

Sept. 10, 1903.

Dft.

Sir E. Satow

No. 273

Sir,

On June 3rd last Mr Townley addressed a letter to Sir John Wolfe Barry & Mr A. J. Barry, enclosing a Memo. by the Chinese Railway Administration criticising certain charges made by the Firm as Consulting Engineers to the Imperial Railways of North China.

Sir J. W. Barry
Sept. 7

Messrs

Messrs Barry have, it is understood, forwarded to you their reply to Mr Townley's letter, but I have to transmit to you the enclosed certified copy of a letter dated Apl 14. 1901 from Chang Yen Mow, the late Director-General of the Railway, to Mr A. J. Barry which forms enclosure 2 in their letter & which has been forwarded to this Dept. for legalization.

H.b

Despatch.
Via E. Valley
No. 273.
F.O. Sept. 10, 1903.

Charges of Guaranteeing Engineers to Imp. Railways of N. China
Dis. encls. in Mr. J. Hall Barry Sept 7.

806 ch. L.

30 September, 1903.

No.341. My Lord,

With reference to your Lordship's despatch Number 205 of 17 July last on the subject of the statement furnished by the Imperial Northern Railways Administration of China for losses sustained by them in consequence of the Boxer disturbances in 1900, I have the honour to report that on the 26th Ultimo I addressed a letter to Mr. Cousins requesting information on the following points:-

1. whether the figures in item number 11 in the statement of Claim show the gross amount spent to repair the damage done to the railway or only the expenditure incurred by the Administ-
90,000 -tration in addition to the Ninety thousand pounds advanced by the British Railway Administration.

2. whether any and if so what portion of the One hundred
121,655;14;11 and twenty one thousand six hundred and fifty five pounds Fourteen shillings and Eleven pence charged by the Administration for damage to the extra-mural section of the line is, or will be covered by the sum which the Russian Government has claimed as compensation

e Marquess of Lansdowne, K.G.,

etc., etc., etc.,

compensation for the expenses incurred by them in the repair of that section, and

3. the question of the losses at Nanpiao, with reference to which I quoted Your Lordship's despatch in extenso.

In his answer dated 29 August, Mr. Cousins stated

1. that Item Number11 (of Statement of Claim) was exclusive of Item Number 12, that is to say, the amount stated covers work done or to be done after expenditure of Ninety
,000 thousand pounds by the British Railway Administration.

2. that Item Number 11 for Outside Wall represented amount estimated to cover cost of work still to be done at date of transfer by Russia, consequently exclusive of any repairs done by the Russians; and

3. that he could only confirm the information given by the London Board to His Majesty's Government, and that the damage to the plant at the Nanpiao Mines subsequent to Mr. Wilkinson's award proved to be much less serious than was at first reported.

In a subsequent letter dated the 10th Instant, Mr. Cousins stated that he had received a reply from Mr. May, the boring Engineer in charge at the Nanpiao Mines, who estimated the amount of extra direct damages (for which compensation had

not

not been received) at £100. Mr. Cousins concluded by stating that the indirect losses arising out of the troubles of 1900 were considerable, and expressed the hope that the representations of the British and Chinese Corporation to the Foreign Office on this point might have further consideration before the matter was finally dealt with.

With reference to the last paragraph but one of Your Lordship's despatch under acknowledgment I have the honour to report that I instructed Mr. Ottewill to proceed to Tientsin on the 13th instant and examine the vouchers for the items given in the statement of the claim.

Mr. Ottewill's report, with eight enclosures, copy of which I have the honour to enclose, states that items making a total of £432,958 : 7 : 9 appear to call for no remark and that other items making a total of £3999 : 15 : 0, should be altered to £3954 : 1 : 2. He has divided the remainder of the items, which make a total of nearly £6,900 and consist almost entirely of personal claims into two lists (1) those which are submitted to Your Lordship for decision and (2) those which are still the subject of correspond-

ence

correspondence on the part of the Railway Administration, or in which the present addresses of the individuals are at present unknown.

I have the honour to be,

With the highest respect,

My Lord,

Your Lordship's most obedient,

humble Servant,

Ernest Satow

Sir E. Satow's No. 341 of Sept: 30. 03

Imperial Railways of N. China Claim

The original claim was for £448,836 - 13 - 9

To which was eventually to be added for the estimated cost of the remaining of the line } 4,000

Total 452,836 - 13 - 9

The Administration have now furnished satisfactory answers to of our three questions.

1. The repairs charged for on the Intra-mural line are in addition to those made with the £90,000 advanced by the War Office, so there is no double charge as suggested by us.

2.

Peking Sept: 30

Sir E. Satow's
No 341
(F.O. No 205/03)

Rec'd H.W. 23 Enclos:

Northern Railways Claim:
Report by Mr O'Keeffe, with observations, Mr Kennedy

Mr Lefevre Pelham
To Treasury
Copy
Dec 5 1903

9000 ch. L.

2. The expenditure estimated to cover the cost of the work to be done on the extra-mural line is exclusive of the repairs executed by the Russians.

The accounts and vouchers have been examined at Tientsin, and Mr. Ottewill has passed:

	£ . .
Items amounting to	432,958 .. 7 .. 9
and has amended and passed other items amounting to	3,954 .. 1 .. 2
making a total of	436,912 .. 8 .. 1

This apparently represents the £437,000 odd mentioned in Sir E. Satow's tel: No. 257.

We might perhaps at once, in reply to that telegram authorize the issue to the Chinese Railway Administration of the interest due on the amount passed out of the sums set aside by our Delegate on the Banking Commission to pay interest on the total Railway claim. We ought however to make a reservation with reference to the £90,000 advanced by the War Office, and to communicate with the War Office on that subject, asking to whom the interest on that sum should be paid. Draft tel: annexed.

Amd draft Nov: 28.03.

The remaining items of the claim Mr. Ottewill has divided into

Annex III. Items which require some decision.

Annex IV. Items requiring some further

further information before being definitely settled and

The claim in respect of the Kanpur Riots.

It is obvious that we can express no opinion about the unsettled claims in Annex IV, and with two exceptions we cannot give any decision about the items in Annex III. We are not in possession of the terms of the agreements under which the different individuals served the Administrations, and are too far away to discuss each claim with the Administration in detail. I think we should tell the Legation so and say that if, in the light

light of any explanations that they may require, the amount of the claim arrived at in each case by the Administration, appears to the Legation to be fair it may be accepted.

The two exceptions are

1. The sub-item in Messrs. Jardine and Matheson's claim for expenditure on telegrams

As to this item see Mr. Otterell's remarks on the entry in Annex III and the observations in the B. & C. Corporation's letter of July 7/03. The claim may be a good one as against the Chinese Govt. but it is difficult to understand how telegrams sent "previous to outbreak" are to be included in this account. I think the Administration

Administration must be told that no telegrams must be charged for in this claim except those which were rendered necessary by the disturbances. I agree JAC

2. Dr. Fraser Hurst's claim

We have had correspondence with Dr. Hurst's solicitors about his claim, and as there is a separate despatch on the subject, and the case will have to go to Mr. Davidson, I ~~have had~~ will have an extract made of Mr. Otterill's report on the case and I will send it in with a separate minute.

3. Claim in respect of the Kampiao Mines is the only one that remains for consideration.

consideration.

This appears to have been put into the claim as a bag-on. The claim was before Mr. Wilkinson, and he allowed a sum of £4834-3. The Corporation have since put forwards a claim on account of the complete destruction of the plant, but find that the condition of the plant is much the same as in 1901. They therefore wish to withdraw the claim under that heading and to have it allowed as compensation for three years enforced cessation of work.

We informed Mr. Tousley when the B. & C. Corporation wrote this to us that the compensation should properly have been included in Mr. Wilkinson's award of the claim

Easy

claim was legitimate, but that we might pass it if the Administration could prove greater destruction of plant than they were aware of when the claim was before Mr. Wilkinson. It appears now from that Mr. Cousins has told Sir E. Satow that the extra damage amounts to £100, and we must I suppose disallow the rest of the claim in spite of Mr. Cousins's plea for a reconsideration of the representations made by the Corporation.

Q. Write to N. O. and Sir E. Satow as above suggested. Tell the Treasury that we have passed £436,000 odd of the claim, and inquire whether they can give us an opinion upon Mr. Hellier's scheme for the [illegible]

Upt. Treas. Dec. 1/03

Dft. Sir E. Satow No. 37 Dec. 4

I think the claim, right. Claim for the work is consequential [illegible]

in
Sir E. Satow's
№ 341

Sept: 30

1903.

PEKING.

22 September, 1903.

Copy

Sir,

I have the honour to report that in obedience to your instructions, I proceeded to Tientsin on the 13th Instant, and examined the original papers on which the various items forming the claim of the Imperial Railways of North China are based.

Enclosures. List at end Report.

Items making a total of £432,958 ; 7; 9. appear to me to call for no remark, and I have the honour to annex a Statement of them to this report. (Annex Number I).

In a few items the actual figures do not appear to me to be correct, or in view of facts brought to light since the claim was presented in April last, small alterations appear necessary. A list of these items is given in Annex II, which includes Messrs. Jardine, Matheson and Company's claim for material lost(part of item Number 1), items for Thames Iron Works, Pay of Sikh Police, and the personal claims of Messrs. Rigby, Dunn, Emmerson, Hoyle, Statham, Packham, and Simmon. The total of these various items

Sir Ernest Satow, G.C.M.G.,

H. M. Minister,

Peking.

items as entered in the Statement of April, 1903, is £3999 15; 0., but should be, including additions to some items and deductions from others, £ 3954 ; 1; 2.

The whole of the Claim is included in these two Statem-ments, with the following exceptions :-

1. The sub-item for telegrams in Messrs. Jardine, Matheson and Company's claim (Item Number 1), the statements for which were not forwarded with the claim in April last, and to the absence of which the Foreign Office has called attention.

We have accepted the explanation of the Corporation [illegible] [illegible] of July 7]

2. Item Number 4, which is an estimate of an outstanding account.

3. Various personal claims in Items Numbers 15, 16, and 17. And

4. Item number 20 for losses at Nanpiao.

As you were in correspondence with Mr. Cousins on the subject of the Nanpiao mines, I declined to discuss the question with him, and have not , therefore, included the item in any of the statements annexed to this report.

The other three exceptions I have divided into two Statements.

1. Items in which some decision would appear to be

necessary

necessary. (Annex Number III).

2. Items in regard to which some further information would appear to be required before being considered definitely settled. (Annex Number IV).

These two Statements consist almost entirely of personal claims, in which the sums entered in the statement of April last may or may not require alteration. In some of these cases claims have been made, and the Officers of the Railway Administration have been and still are in correspondence with the claimants; in others the men have gone to South Africa and other places, and it is a work of difficulty to discover their present whereabouts, and to communicate with them.

Annex Number III contains a statement of telegraphic expenditure in Messrs. Jardine, Matheson and Company's claim (Item Number 1), and the personal claims of Messrs. Maclelland, Engstran, Tuckey, Irwin and Robertson, Ginnell, Fraser Hurst, and Jackson.

Annex Number IV contains the remainder of the items, including that on account of Messrs. John Birch and Company, and twenty seven personal claims.

I take this opportunity of placing on record the fact

that

that in every personal claim where the sum of $350, drawn at Yingkou, has been deducted, that sum was refunded at the time of the payment of the June salaries, and should not, therefore, have been deducted.

In conclusion I have the honour to draw your attention to the following personal claims which have formed the subject of despatches from the Foreign Office.

1. Mr. A. Currie's claim for £650 in Foreign Office despatch, Number 204 of October 9, 1902.

Mr. Townley, in his despatch Number 3, of 1 January 1903, to the Foreign Office, submitted the point raised by the Legal Adviser to the Railway Administration, Mr. E.P. Allen, that Mr. Currie is entitled to only so much salary in lieu of notice as corresponds to the time he was actually unemployed. The Legal Adviser is still in correspondence with Mr. Currie's Solicitors, and I have therefore, included the claim in Annex IV.

2. Dr. Fraser Hurst's claim for £631 ;18; 4. in Foreign Office despatches Numbers 217 of October 15, 1902, and 191 of the 4th June last.

In your despatch Number 312 of the 4th Instant to the Foreign Office, you stated that the full sum had been inserted

inserted in the Railway Claim.

I venture to submit that there points in connection with this claim which require special consideration before Dr. Hurst is informed in this sense, and I have , therefore, endeavoured to state the facts of the case in Annex III.

3. Mr. Hoyle's claim for six months wages in lieu of notice in Foreign Office despatches Numbers 149, 9, 68, 166 and 179, of 17 july,1902, 7 January, 17 March, 8 June and 19 June last.

The question at issue is the date from which notice was to date. In the majority of cases of this kind, the date has been taken as 1 July,1900, although notice was given on the 4th of that month. The Legal Adviser to the Administration informed me that in cases where a point was made of it, he was of opinion that notice should date from the end of the month in which it was given, the present case being one. I have the honour to observe that Mr. Hoyle received half pay for five months, and I have , there -fore, ventured to include half pay for seven months, making a total of full pay for six months in Annex II.

4. Mr. Statham's claim in Foreign Office Number 180, of August 29, 1902. In the statement of the Railway claim forwarded in April last, Mr. Statham's claim

is

is inserted as for five months' wages, but as it is stated in the Foreign Office despatch, he left in June, I have, subject to approval, inserted in Annex II four months pay in accordance with the claim made by him. With regard to the other points raised in the Foreign Office despatch forwarding Mr. Statham's claim, I have the honour to state that I was informed by the Legal Adviser to the Railways that he was in communication with Mr. Statham with a view to settling payment of the claim for instruments (£ 35) independently of the indemnity. I have the honour to observe that Mr. Statham's passage money (Taels 800) was paid into the Bank as he states in his latter to of October 7, 1901, to Mr. Wilkinson, enclosed in the Foreign Office despatch, and not into a Post Office. The sum which the Post Office apparently failed to pay was a deposit of $25 Twenty five dollars, for which Mr. Statham holds a receipt but he does not state at which of the Tientsin Post Offices the money was deposited. There are French, German, Russia Chinese, and Japanese post offices at Tientsin. He should say which of these he means. But in any case, this is an item which should be claimed from the Post Office concerned through His Majesty's Consul General at Tientsin.

I have the honour to be,
Sir,
Your most obedient, humble servant,
[Sd] Hartwell

List of Enclosures.

Annex I. Statement of items the figures of which appear to call for no comment.

Annex II. Statement of items in which the figures require alteration.

Annex III. Statement of items ~~with regard~~ in which some decision would appear to be necessary.

Annex IV. Statement of items with regard to which some fur-thur information would appear to be required b before being considered definitely settled.

Annex V. Index showing the distribution of the various items in the above Annexes.

Annex VI. Copy of receipt in item 14/7 in Annex II.

Annex VII. Copy of statements making up total of telegraphi expenditure in Item Number i, and of letter fro Messrs. Whittall and Company to Messrs. Jardine Matheson and Company of 13bSeptember, 1901.

Annex VIII. Statement explaining difference in totals.

INDEX.

Howard

Number in Statement of Claim		Appendix Number.
15 (continued)	Howard, W.G.	I.
	Jamieson, F.A.	I.
	Kitching, F.	I
	Kinder, C.W.	I
	Leitch, W.O.	IV
	Martin, J.C.	IV.
	Marshall H.J.W.	I
	Moffat, J.	I
	Moore, J.	IV.
	Moorhead, H.B.	IV
	Maclelland, J.	III.
	Newmarch, L.J.	I
	Rathnell, W.	IV
	Rickerby, J.	I.
	Ricketts, D.P.	IV
	Rigby, E.H.	II
	Roberts, H.	IV
	Sheriff	--
	Tuckey, T.W.T.	III.
	Wheeler, A.	I
	Whitcombe	IV
	Messrs. Irwin and Robertson	III
16.	Brown, H.H.	I
	Dunn, E.C.A.	II & IV
	Dixon, A.	--
	Gibson, R.G.	IV
	Griffith, D.P.	IV
	Knowles, G.S.	I
	Kriar, Otto	IV
	Norregard, B.W.	IV
	Palmer, R.J.	IV
17.	Bone, T.	I
	Clarke, C.	IV
	Clarke, J	IV
	Currie, A	IV
	Dunn, E. C. A.	II & IV
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	Franklin, H.	I
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	Hurst, Dr. Fraser	III
	Hancock, G.W.	IV
	Hoyle, A.B.	II
	Jackson, J.E.	III
	Mackenzie, A.C.	IV
	Robke, O	IV
	Simmon, G.	II
	Statham, E.E.	II
	Plowman, W.	I
	Packham, R.	II
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	Strong, J.	IV
	Symonds, T.	IV
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	Tumber, R.S.	IV.

18. Coolies

ber in atement Claim.		Appendix Number.
18.	Coolies , etc, on Admiral Seymour's Expedition.	I
19.	Contingent Fund.	I.
20.	Losses at Nanpiao	-----
21.	Resurvey.	I.

tatement of Items in Claim the figures of which appear to call for no Comment

		Sum inserted in Claim	Remarks.
3.	Fearon, Daniel & Co.	£175 : 19 : 10	Original documents seen.
5.	Mackenzie and Co.	£756 : 13 : 4	Copies certified by Mackenzie and Co seen.
	American Trading Co.	£69 : 5 : 9	Original document seen
	Arnhold, Karberg and Co.	£1,067 : 4 : 7	do do do.
8	Chin Shan Bank	£452 : 0 : 0	Original documents seen.
	Foo Tung Sheng Bank	£148 : 0 : 0	do do do.
	Buchheister and Co.	£4,350 : 14 : 5	do do do.
	Summary of claim of Engineering Departments	£313,171 : 0 : 0	These are all estimates signed by Mr Kinder.
	Advanced to British Railway Administration by British Government	£90,000 : 0 : 0.	
	Losses at Head Office, Tientsin.	6,714 : 0 : 0.	This is an estimate by Mr Liang, who was Secretary to the Chinese Railways, and is now a Director, made to the best of his knowledge. All old vouchers were burnt by Boxers. I was told ~~that~~ $18000 was not an excessive estimate for dollars actually in safes, etc.
1.	Material for Road Bridge over Peiho	317 : 12 : 0	Original documents, invoice, etc, seen. The material was for an iron bridge, but during the troubles, the Tientsin Provisional Government built a bridge, which rendered the material useless for its purpose. Its value to the Railway Administration was somewhat above that of old iron, and has been ~~usually~~ estimated at 50 per cent. of invoice price. (see letter from Mr Cox 2 November 1902.)
	Coal at Kaoplantzu	120 : 0 : 0.	
3	Kwo Hseng Chen's Store Account at Langfang	35 : 14 : 6	Original documents seen.
4	Quen Hsing Yu's house, occupied by Mr Mackenzie	350 : 0 : 0	Documents seen.
	Honorarium to Volunteer Corps at Longshan	200 : 0 : 0.	Petition, etc seen.
	14/6 Pay		
	Forward	£417,928 : 4 : 5	

Ser.			Sum inserted in Statement	Remarks.
	Forward		417,928: 4: 5	
16.	Pay of men at Hongkai		£15: 15: 0.	Lists seen.
	Barber J.E.	£190: 0: 0		All nineteen in Items 15, 16 and 17, agreed in writing to Legal Advisers to Railways Administration sums opposite their names.
	Cheyne J.J.	£188: 0: 0		
	Foley J.E.	£135: 0: 0		
	Harris F.A.	£222: 10: 0		
	Howard W.G.	£249: 11: 8		
	Jamison F.A.	£239: 3: 4		
	Kitching F	£157: 0: 0		
	Kinder C.W.	£135: 0: 0		
	Marshall H.J.W	£289: 3: 4		
	Moffatt J	£135: 0: 0		
	Newmarch L.J.	£260: 0: 0		
	Rickelby J.	£135: 0: 0		
	Wheeler A.	£182: 10: 0		
	Total	£2574: 18: 4	2574: 18: 4.	
	Brown H.H	£152: 10: 0		
	Knowles G.S.	£100: 0: 0		
	Total	£252: 10: 0	252: 10: 0.	
	Bone T.	£90: 0: 0		
	Early W.H	£62: 10: 0		
	Franklin H	£92: 10: 0		
	Plewman W	£100: 0: 0		
	Total	£345: 0: 0	345: 0: 0	
18.	Wages &c to coolies on Admiral Seymour's Wharfs		402: 0: 0	Statements & lists seen.
19.	Contingent Fund		7,600: 0: 0	
20.	Resurvey of Railway Lands		4,000: 0: 0	
	Total		£432,958: 7: 9	

J. Holtzwork
22 September 1903.

Annex II. Statement of Items in which the figures require alteration

Number		Sum stated in claim	Sum allowed to	Increase	Decrease	Remarks.
1.	Thames Iron Works. Interest for three years on £3832; 9; 4; The sum on which interest should be charged is £3675;19;4;	402; 8; 0;	385;19; 6		16; 8; 6	In the printed copy 11pence is a misprint for four pence. In obtaining the figure £3,832 9; 4; the sum of £156; 10; 0; has been twice added.
4/7	Pay and passage money of Shan Singh, etc, station police. altered to three police deferred pay $45 each $135; one passage to Bombay 60; Total $195; at $10 to a £1 £19;10:0	49;10; 0	19;10; 0		30; 0; 0	The claim should be for three police engaged March 1899 and dismissed June 1900. Each man deferred pay fifteen months at $3 - $45, and passage money $60. Total $105 each. Each policeman received $45 on 17 March,1903. One man went to India, passage money $60. By the terms of the receipt for the $45, the right to the passage money lapses. Copy of receipt appended Annex VI.
15.	E. H. Rigby	100; 0; 0;	135; 0;0	35; 0; 0;		Agreed. The sum of $350 was refunded at the time of drawing the June salary.
16	Dunn, E. C. A	83; 6; 8;	-----		83; 6; 8;	Cancelled because it is also entered in Item Number 17.
17.	Emmerson A.	112;10; 0	147;10; 0	35; 0; 0		Agreed. The sum of $350 was refunded at the the time of drawing the June salary.
17	Hoyle A. B.	93;15; 0	131; 5;0	37; 10; 0;		See enclosure dated 31 May,1903 in Foreign Office despatch Number 166 of 8June, 1903. The new sum is for seven months' half pay instead of five, i.e. a months pay has been added as if six months' notice began on 1August,1900 and not 1 July as originally reckoned.
	Forward	841:9:8	819:4:6	107:10:0	129:15:2	

Annex II Continued

Number		Sum stated in claim	Sum altered to	Increase	Decrease	Remarks.
	Forward	841:9:8	819:4:6	107:10:0	129:15:2	
	Statham H. E.	166;13;4;	133; 6; 8		33; 6;8	Five months pay was inserted in the claim, apparently because that time was inserted in all the cases. Mr. Statham, however, only claims four months salary, see enclosure in Foreign Office despatch number 180 of August 29,1902, that is to say, he dates his notic to leave work from 1 June.
	Packham R.	43;10; 0;	32;12; 0		10;18; o	The sum now inserted is that claimed in his letter of 31 October,1900 to H.m.Consul,Tientsin :- Three months salary at £18 a month £54;0 ; 0 (apparently in lieu of notice) Less advanced 25; o; o — 29; o; o — Twelve days hotel allowanceat Shahgahi at $3 a day $36 - 3;12; 0 — Total 32;12;0.
	Simmon , G.	27;10;0	62;10; 0	35; 0; o		Agreed if $350 which was refunded in June 190 be added.
	Jardine Matheson and Co. Material lost Taels 20,344.80 at Seven Taels equals presumably	2920;12; o	2906; 8; 0		14; 4; 0	In the summary of the claim of April,1903 item No. 1. is divided into two portions. Material lost Taels 20,344.80 Telegrams £1951;16; 5 and Taels. 1,712.90 Total £1951;16; 5, and Taels 22,057.70 tBabbs22,057.70 at Taels 7 to a £1= £ 3151;2;0 and not £2165; 6; 0 The difference being £ 14; 4; 0. The sub-item for telegrams is dealt with in Annex III and is for £1951;16;5 and Taels 1712.90 Taels 1712.90 at 7 equals £ 244;14;0 but £244;
	Forward	3999:15: 0	3954:1: 2	142:10:0	188: 3:10	

Annex II Continued

em Number		Sum stated in claim	Sum altered to	Increase	Decrease	Remarks.
	Forward	3999:15:0	3954: 1: 2	142:10:0	188: 3: 10	but £244;14; 0 deducted from £3165;6;0 leaves £2920;12;0, the sum inserted as being th sum which would presumably have been inserted in the claim, if the two sub items had been kept separate. Taels 20,344.80 at 7Taels to the £1 equal £ 2906; 8; 0;
1.	Jardine Matheson and Co. (continued) Claim for material.					
	Total	3999;15; 0	3954; 1; 2	142; 10; 0	188; 3;10	

Hartwich
22/9/03 -

Annex III. Statement of Items in which some decision would appear to be required.

Number		Sum in Statement	Remarks.
1.	Sub-item in Messrs. Jardine Matheson and Company's claim for Expenditure on telegrams :- £1,951;16; 5. and Taels 1,712.90 @ Tls.7 = £1 244;14; 0 £2,196;10; 5	2,196;10; 5	Copies of the statements making up this total are appended, as is copy of a letter from the British and Chinese Corporation to Messrs. Jardine Matheson and Company, Hongkong, dated 13 September, 1901. The statements may be summarized as follows:- (A.) Telegrams paid by Hongkong and Shanghai Banking Corporation. Shanghai. 1. up to 11 September, 1900 $1,141.92 2. upto 14 November, 1902. $1,305.58 $2,447.50 = Taels 1,712.90 = £ 244;14; 0 (B.) Telegrams paid by British and Chinese Corporation 3. previous to outbreak £1111;17; 3 4. from 29 May, 1900 to 15 August, 1901 368;19; 2 5. Tungchow extension. 107;19;11 6. from 30 August, 1901 to 30 June, 1902. 363; 0; 1 Total. £2,196;10; 5 The letter above mentioned refers to 3., 4., and 5., and states that the telegrams deal with breaches or contemplated breaches of the loan agreement on the part of the Chinese.
1.	Maclelland, J. Three months house allowance @ $150 = $450 = Went on leave.	45; 0; 0	Mr. Kinder recommends that five months salary at £32;18;8, be added. that is, £164;13;4, added to £45, making a total of £209;13; 4.
2.	Engstran, H. Three months at half pay at £13 a month = £ 39 Nine months house allowance at $150 $1,350 = £135 Total £174	174; 0: 0	Mr. Engstran is a Scandavian subject, and his claim against the Railways is the only one which is included in his private claim. The private claim which is repayable in 39 years is paid through the Doyen of the Corps Diplomatique. If he is allowed to accept the claim under this head, he will remit the claim payable in thirty nine years.
3.	Tuckey, T. W. T.	-------	Asks house allowance $1,350 or £135, which is recommended by Mr. Kinder.
	Forward	£2,415;10; 5	

	Sum in Statement.	Remarks.
Forward.	£2.415;10; 5.	
Messrs. Irwin and Robertson. Seven months at half pay 1 August, 1900 to 28 February, 1901, at £20 a Month.	140; 0: 0	The sum of £140 is all that the Railway Administration are prepared to allow. Messrs. Irwin and Robertson were in 1900 the Medical Attendants to the Administration. They claim eighteen months half-pay from 1July,1900 to 31 December, 1901 at Taels 140 (i.e. £20) making a total of £360. The firm received salary in full at the rate of Taels 280 a monthup to the end of July,1900, less apparently Ten Taels., and also half pay from August,1900 to February ,1901, inclusive. From 1 March, 1901 to 31 December, 1901, the Firm received pay from the British Railway Administration at half rates because of reduced duties. Mr. Allen, the Legal Adviser to the Railways, stated that as the firm received half pay from thr British Railway Administration for reduced duties from 1 March,1901 to 31 December, 1901, its claim for half pay for that period against the Chinese Railway Administration would not appear to be legitimate. If this be granted, the utmost addition to the claim as stated would be ten Taels (£1; 8; 9.).
Ginnell. J. five months pay £ 291;13; 4. less drawn at Yingkou £35	256;13; 4	The $350, drawn at Yingkou, was refunded at the time of receiving salary for June, 1900. Mr. Ginnell claims.—

1. Disbursementsfor month of June	£ 12;17; 0.
2. Travelling allowance for month of June	16;10; 0
3. Instrument allowance for three years	20: 0: 0
4. Salary in lieu of notice	291;13;4
5. Travelling to London £85 less £50 paid	35; 0: 0
6. Loss on exchange	8;10: 0
Total.	£384;10; 4.

Annex III (Continued)

Item Number		Sum in statement.	Remarks.
	Forward	£2,812:3:9	for £351; 0; 4.
17.	Dr. Fraser Hurst.	£ 631;18; 4.	This claim is made up of the following items.:-

Six months notice . One month at £ 33; 4; 0
Five months at £37; 6; 0 — £ 219;14; 0

Passage to London — £ 80; 0; 0

Arrears due to the end of year 1901. — £ 332; 4; 4½

Total. — £ 631;18; 4½.

It is stated at length in one of the enclosures in Foreign Office despatch Number 217 of 15 October, 1902; The one month at £33; 4; 0. is January, 1902, and the five months February, 1902 to June, 1902, inclusive.
The whole of this amount was entered in the statement of April last, but only as an outside estimate.

Passage.

With regard to the claim for passage money (£80), it is admitted in the latter of Dr. Fraser Hurst's Solicitors to the Foreign Office of 20 September, 1902, enclosed in the above mentioned Foreign Office despatch of 15 October, 1902, that the sum Of Taels 500, was paid into Dr. Hurst's accounton November 12th, 1900; they state that no intimation was sent to Dr. Hurst of the object of the payment.
In a statement which the Secreatary to the Chinese Railway Administration forwarded to the Legation, dated 5 June, 1901, it is stated thatthe sum of Taels 476.37 was paid to Dr. Hurst as passage money, (the difference in the sums being Taels 22.63). It is submitted that Dr. Hurst must have known the object of the payment, and that payment in November 1900, or July, 1900 is immaterial to the question, as it has never been advanced that this late payment impeded Dr. Hurst's movements in any way.

It is, therefore, submitted that the claim of £80 for passage money would appear to be inadmissible.

Notice and Salary.

Dr. Hurst left England on the 29th of January, 1900, pay to commence

Forward £3444:2:1

	Sum in Statement	Remarks.
Forward	£3,444 : 2 : 1	
Dr. Fraser Hurst (continued).		commence from that date, on an agreement for three years, salary for first year to be £350, second year, £400, and third year, £450. It is admitted in the Solicitors' letter above referred to that Dr. Hurst received full pay up to the end of July, 1900. Disregarding the small difference caused by their dating their accounts from the 29th of a month, they also admit that although payments were irregular, Dr. Hurst received half pay (£14;11; 8 a month) from August,1900 to March, 1901, inclusive. Dr. Hurst must have left China in March, 1901, (see Mr. Kinder's certificate enclosed in Foreign Office despatch above mentioned), and his half salary for March was paid on the 8th of that month. (see Dr. Hurst's claim in letter to Mr. Kinder of 24 May, 1902). As Dr. Hurst continued to receive salary at half the rate for the first year while still in China instead of obtaining the increase to which he was entitled under his contract after a year's service, it is submitted he must have considered his contract cancelled or modified. When Dr. Hurst went home, Mr. Kinder gave him the follwing certificate:- " The bearer, Dr. Fraser Hurst, is in the employ of the Imperial Chinese Railways. He is proceeding home on sick leave, and is fully entitled to any reduction in rates of passage money usually given to officers in employment of the Chinese Governemnt. (Signed) C. W. Kinder. Tientsin. 13 March, 1901. In a letter dated 5 May 1902, to the Chief Staff Officer, Mr. Kinder stated " He (Dr. Hurst) did not go home on leave on full pay as he seems to infer, but because he and several others were notified that their services were no longer required, and there were no funds available for their payment. Dr. Hurst also had the additional reason that he was very ill and required an operation". The operation was for appendicitis, as Dr. Hurst stated in correspondence with
Forward	£3,444 : 2 : 1	

Annex III (continued)

	Sum in Statement.
Forward	£ 3444.2.11
Dr. Fraser Hurst (continued)	
Forward	£3444.2.11

Remarks.

with Messrs. Whittall and Co.

In a letter to Mr. E. P. Allen, dated December, 8th, 1902, Mr. Kinder stated " He (Dr. Hurst) went home ill after a severe dose of typhoid, and I told him we would send for him if we ever required him again. He did not go hom on leave , but left the service with the above understanding." On 13 August, 1901, Dr. Hurst was asked by Mr. Kinder through Messrs. Whittall and Co. to return in the following February.

In the course of correspondence with Messrs. Whitall and Co, the original letters of which I have seen, as well copies of the letters sent by the Company to Dr. Hurst, (all of which have been) forwarded to Mr. Kinder, Dr. Hurst stated on 24 Oct 1901 " I am moreover in receipt of an offer to undertake practice in England under very favourable circumstances and as from your letter there seems to be uncertainty as to my going out under as good terms and conditions as last time, I should prefer to stop at home." The letter concludes by proposing to send a substitute.

The terms which Messrs. Whittall offerred were apparently that Dr. Hurst should obtain an advance of £50 from them and should arrange matters with Mr. Kinder on his arrival in China.. In other letters he gave the Company to understand he would not go out on those conditions, and they accordingly telegraphed to Mr. Kinder on 1 November, 1901, stating " Hurst cannot accept offer , Are we to arrange substitute. What terms do you propose " & Dr. Hurst did not obtain the appointment in England, and on 19 December, 1901, he wrote to Messrs. Whittall and Company stating that he was prepared to go to Tongshan, On the following day they telegraphed this information to Mr. Kinder, who replied " Do not require Hurst." (Dec (December 23).

Dr. Hurst's Solicitors state Dr. Hurst accepted this as being notice of a termination of his agreement and hence the claim for six months salary in lieu of notice from 1 Janauary, 1902.

It is noticeable that in his correspondence with Messrs. Whittall and Company, Dr. Hurst makes no mention of any pay being due to him, and does

Annex III (Continued)
(In Sir E. Satow No. 217. 1902)

Item Number		Sum in Statement.	Remarks.
	Forward	£3444 : 2 : 1	
17.	Dr. Fraser Hurst's claim (continued)		does not refer to his old agreement — but rather contemplates a new one. The only question of pay is raised by Dr Hurst's Solicitors in their letter of ~~/~~ 30 September, 1902, to the Foreign Office, who referring to Mr. Kinder's telegram of August, 1901, to Messrs. Whittall and Co. " Arrange Dr. Hurst arrives February", state " at that time Dr. Hurst was willing to return to China, but in consequence of not having received his pay he enquired of Messrs. Whittall and Co, " etc. Dr. Hurst's own letters do not bear out this statement. The case appears to me to be the following:- Dr. Hurst went home in March, 1901, having practically severed his connection with the Railway Administration. He attempted to obtain a position in England and failed, and then found that the Administration would not take him into their service again, and accordingly made the claim. Mr. Kinder's Certificate of 13 March. 1901, appears to have been given simply for the purpose of facilitating Dr. Hurst's journey home. The Foreign Office Stated on 12 August, 1902, that the Secretary of State was of opinion that the agreement was terminated under Clause 15 which states " employé owing to ill-healthbecoming unfit for duty, etc " and in the absence of a regular notice dispensing with Dr. Hurst's services, it would appear to be the only view which can reasonably be adopted. In that case the claim should be for:- Eight months half pay August, 1900 to March 1901 at £14;11; 8. £116;13; 4 and , if the agreement respecting an increase after one year's service be not considered cancelled by tacit mutual consent , extra for February and March 7; 6; 8 and if "one month's pay" in clause 15 be not covered by the March payment, £ 33; 6; 8 or £ 29; 3; 4 according as the preceding item of £ 7; 6; 8; be
	Forward	£3444 : 2 : 1	

III

Annex III (continued)

Item number		Forward	Sum in statement	Remarks.
17	Dr Fraser Hurst continued	£ 3444;2;1		allowed or not. Even if the points raised with regard to the last two items be settled in Dr Hurst's favour, his claim would be for £ 147..6..8 and not £ 631;18;4.

Annex III (continued)

Item number.		Sum inn	Remarks.
	Forward	Statement, £ 3444; 2: 1.	
17 .	Dr. Fraser Hurst (Continued)		allowed or not. Even if the points raised with regard to the last two items be settled in Dr. Hurst's favour, his claim would be for £147; 6; 8, and not £631;18; 4.
17.	Jackson. F. E.	£131;13;4.	The $350 drawn at Yingkou was refunded in June 1900. The claim should have been therefore £166;13; 4. Mr. Jackson's Solicitors have however sent in the following claim to Mr. Kinder. 1. One month's pay £ 33; 6; 8; 2. Instrument allowance 5; 0: 0: 3. Pony allowance 1;16; 0 Total £ 40; 2; 8. The Legal Adviser to the Railw ys Administration informed me that these items appeared admissible. The question is submitted whether the claim for £40; 2; 8, should be allowed, or the larger amount for £166;13; 4, for pay in lieu of notice.
	Total	£3575:15:5	

Asquith
22/9/03

Annex IV

Statement of Items with regard to which some further information would appear to be required before being considered definitely settled.

Item number.			Sum inserted in Statement	Remarks.
4.	John Birch and Co. Interest on their account for £2500		£262 : 10 : 0.	The sum of £2,500 is an estimate only – The Railway Administration is in correspondence with Messrs. John Birch & Co in order to settle the exact amount due to them.
15.	Cox, A.G.	$1000.	£100 : 0 : 0.	The sum of $350 was refunded in June 1900: the claim should therefore be increased to £135:0:0. I understood that Mr Cox had not been heard from.
15	Leitch, W.D.	$1060.50	£106 : 1 : 0	I was told that the claim should be :- 5 months half pay at £18:15:0 = £93:15:0. House Allowance $1350 = £135:0:0 Total £228:15:0.
15.	Martin J.C.	$1239.83	£123 : 19 : 8.	I was told that the claim should be:- 5 months half pay at £18:15:0. = £93:15:0 House Allowance $1000 = £100:0:0 Total £193:15:0.
15	Moore, J.	$1350	£135 : 0 : 0.	Not heard from.
15	Moorhead, H.B.	$666.62	£66 : 13 : 4	Asked in addition house allowance for nine months McKinder was to be asked for his opinion.
15	Rathnell, W.	$1625.00	£162 : 10 : 0	Awaiting answer
15	Ricketts, D.P.	$300.00	£30 : 0 : 0	do do
15	Roberts, H	$1290.00	£129 : 0 : 0	do do
15.	Whitcombe,	$1350.00	£135 : 0 : 0	do do.
.	Gibson R.G.	~~$638.33~~ ~~$638.33~~ $488.33	£48 : 6 : 8	$350 was refunded in June 1900. Claim should be £83:6:8. Awaiting Answer.
	Griffith W.P.	$1041.62 Kier.	£104 : 8 : 4	Not heard from.

Annex IV (continued).

Item number.			Sum inserted in Statement.	Remarks.
16.	Krier, Otto	$600.00	£60 : 0 : 0.	not heard from
	Lonegard, B.W.	$937.50	£93 : 15 : 0	do do do
	Palmer, R. J.	$462.50	£46 : 5 : 0.	do do do.
17.	Clarke. C.	$1350.00	£135 : 0 : 0	Address unknown at present
	Clarke, J.	$750.00	£75 : 0 : 0	do do do do.
	Currie, A.	$6500.00	£650 : 0 : 0	This sum was inserted in the statement as being the sum claimed by Mr. Currie, and was not intended to be final. The Legal Adviser to the Railways pointed out the extraordinary claim for leave of absence pay and pay in lieu of notice at the same time. He added that he was still in correspondence with Mr. Currie's solicitors.
17.	Dunn, E.C.A.	$550.00	£55 : 0 : 0	$350 was refunded in June 1900. not heard from.
	Worrell, H.	$900.00	£90 : 0 : 0	not communicated with
	Hancock. G. W.	$1100.00	£110 : 0 : 0	not heard from
	Mackenzie A.C.	$483.00	£48 : 6 : 0	" " " $350 was refunded in June 1900. Claim should be £13.6.0
	Robke O	$100.00	£10 : 0 : 0	" " " do do do do do Claim should be £5.0.0
	Stafford W.R.	$925.00	£92 : 10 : 0	" " "
	Strong J.	$1500.00	£150 : 0 : 0	No claim made. This sum was inserted in case his legal representatives make one.
	Symonds, T	$1300.00	£130 : 0 : 0	not heard from
	Terris, R.	$1500.00	£150 : 0 : 0.	" " "
	Tumber, R.S.	$231.25	£23 : 2 : 6	" " "
		Total	£3322 : 2 : 6	

Parkewith.
22/9/03.

Annex VI

Claim No 147 in Annex II

Copy of Voucher Number 71. Cash vouchers for March.
Imperial Railways of North China.

Imperial Railways of North China.
Office of General Counsel.
Tientsin, 17 March, 1903.

Received of Imperial Railways of North China the sum of $45 local currency in full of claims for deferred pay earned prior to Boxer outbreak. In the event I do not apply for passage to India within sixty days from date hereof the above payment shall be taken in full settlement of all claims and demands whatsoever against the said Railways. In the event I do [redacted] apply for such passage money the further payment of Sixty dollars local currency to Messrs Jardine Matheson and Co. on account of my said passage money shall be taken in full settlement of all such claims and demands.

(signed) Sher Singh.

Similar Receipts signed by:-
Siwa Singh
Santa Singh.

Annex VII

THE BRITISH & CHINESE CORPORATION LTD.

Acim No 1 in Annex III

September 13th.1901.

o. 118.

79

essrs Jardine Matheson & Co.,

Shanghai (through Hongkong Offices).

ar Sirs,

We acknowledge the receipt of your No.31 to 33.

NORTHERN RAILWAY.

CONTROL. ENQUIRY RE DISPUTED LAND. We postpone reference to ese subjects pending consideration by the Board.

TELEGRAMS. Referring to Mr. Hillier's suggestion to Mr Cousins render particulars of our telegraphic expenditure undervarious heads, enclose a statement in duplicate which is practically a copy of our dger account showing the payments made and we have analysed these yments under three headings.

th the Tungchow telegrams we have had very little difficulty,but as gards the remainder of the telegrams the only division that we can make telegrams before the Boxer out-break and since. All this telegraph- has arisen in consequence of breaches or contemplated breaches of the n Agreement on the part of the Chinese, and their mismanagement of the dholders security.

You will see from the note at the foot of our statement that only includes payments which have actually passed through our books, any telegraphic expenditure by you or the Bank since 30th. June and t May respectively will have to be added.

Yours faithfully,
For the British & Chinese Corporation Ld.
(Signed) A.W.Frewer.
Secretary.

No 1.

Tientsin, 17th December, 1902.

M. T. Liang Esq.,

Director Imperial Chinese Railways.

Present.

Dear Sir,

Railway Indemnity Claims.

Referring to our communication of 1st Ultimo and documents attached we now beg to hand you herewith an amended Statement of Telegraphic Expenditure which please substitute for the one rendered.

Our claims are now summarised as follows:-

Amounts due for Material lost through the Boxer troubles in 1900 together with interest thereon as per separate Statement rendered. Taels. 20544.80

Expenditure on telegrams as per Statements attached £ 1, 951.16.5. and Taels. 1712.90

British and Chinese Corporation's Claim for losses at Nanpiao less amount allowed by H.B.M. Claims Commissioner £ 8980. 1.5.

£ 10,931.17.0 and Taels. 22,057.70

We are, Dear Sir,

Yours faithfully,

Jardine Matheson & Co.

(sd) per Ed. Cousins.

Seen

Amended Statement of Telegraphic Expenditure incurred by the British and Chinese Corporation Ltd a/c Chinese Railway Administration to June 1902.

- - - - - - - - - - -

Telegrams despatched by the H'Kong & Sh'ai Bank Shanghai as per memos attached $ 2447.50 at Ex 70 Tls. 1712.90

and

Ditto as per B. & Chinese Corporation's Statement £ 1.95 1.16.5

- - - - E.& O. E. - - - - -

Tientsin 17th December 1902.

Jardine, Matheson & Co.

(sd) per Ed. Cousins.

Memo of cost of telegrams despatched by the Hongkong and Shanghai Banking Corporation, SHANGHAI, on account of the British and Chinese Corporation.

Amount of statement sent to London 11th September 1900.							$ 1,141.92
15th Sept 1900	To	Hongkong	31	words at	40c	per word	12.40
16th " "	"	London	32	" "	2.80	" "	56.90
16th " "	"	Peking	127	" "	42	" "	53.34
16th " "	"	"	21	" "	42	" "	8.82
19th " "	"	Hongkong	26	" "	40	" "	10.40
21st " "	"	Tientsin	30	" "	32	" "	9.60
4th Oct "	"	London	120	" "	2.80	" "	336.00
7th " "	"	"	24	" "	2.80	" "	67.20
9th " "	"	Tientsin	17	Urgent	96	" "	16.32
17th " "	"	Hongkong	76	" "	40	" "	30.40
19th " "	"	"	11	" "	40	" "	4.40
22nd " "	"	Tientsin	9	Urgent	96	" "	8.64
23rd " "	"	Hongkong	22	" "	40	" "	8.80
24th " "	"	"	15	" "	40	" "	6.00
2nd Nov. "	"	Tientsin	18	" "	32	" "	5.76
7th " "	"	"	16	" "	32	" "	5.12
10th " "	"	London	9	" "	2.80	" "	25.20
13th " "	"	Hongkong	65	" "	40	" "	26.00
14th " "	"	Tientsin	15	" "	32	" "	4.80
17th " "	"	London	36	" "	2.80	" "	100.80
10th Jan. "197		Peking	14	" "	42	" "	5.88
24th " "	"	Hongkong	30	" "	40	" "	12.00
4th Feb. "	"	"	15	" "	40	" "	6.00
2nd Mar. "	"	Peking	24	" "	42	" "	10.08
7th Oct. "	"	Tientsin	24	Urgent	96	" "	23.04
29th Jan. 1902 "		London	22	" "	2.80	" "	61.60
29th " "	"	Peking	43	" "	42	" "	18.06
1st Feb. "	"	London	6	" "	2.80	" "	16.80
3rd Feb "	"	Peking	24	" "	42	" "	10.08
18th " "	"	London	17	" "	2.80	" "	47.60
18th " "	"	Hongkong	16	" "	40	" "	6.40
20th " "	"	Peking	43	" "	42	" "	18.06
25th " "	"	London	56	" "	2.80		156.80
27th " "	"	Peking	49	" "	42	" "	20.58
1st Mar. "	"	"	11	" "	42	" "	4.62

No 1

Taels 1712.90

5th Mar. 1902	To	London	13 words	at	2.80	per	word	$ 42.00
6th " "	"	Peking	8 "	"	42	"	"	3.36
27th " "	"	"	31 "	"	42	"	"	13.02
								$ 2447.50

Shanghai, 14th Nov. 1902.

(Signed) J. A. Maclean.

Account.

X Equals Taels. 1712.90.

A.C.O.

No 1

te of ymnt	Period to which the Payment Relate.	Previous to Outbreak	Since 29 May'00 date of Outbreak	Tungchow Extension	Total.
99					
Apr	per H. & S. Bk. Feby to Mar. 30	234. 8. 8.			234. 8. 8.
May	" Apr. 1st to the 30	67. 2. 4			67. 2. 4
June	" May 2nd to the 29th	117. 14.-			117. 14. -
July	" June 14 " " 29th	108. 12. 6			108. 12.6
Sept.	" Dec'98 to June(Sh'ai)	268. -. 7			268. -. 7
Aug.	" July 5 to the 17th	116. 6. 6			116. 6. 6
"	" Jany to May(Tientsin)	18. 18. 2			18. 18. 2
Sept.	" July 31 to Aug. 31	37. 19. -			37. 19. -
00					
Jany.	" June to Oct.(Peking)	49. 11. 10			49. 11. 10
"	" " " Nov.(Tientsin)	31. 11. 6			31. 11. 6
Feby.	" " " Dec.(Sh'ai)	27. 19. 6			27. 19. 6
June	Corporation May & June	3. 11. -			3. 11. -
July	H. & S. Bk Mar 10toJunelst (Tientsin)	29. 12. 5			29. 12. 5
Sept	Corporation	9. 3			9. 3
Nov.	H. & S. Bk Sept..20th		7. 14. -		7. 14. -
"	" Pekin Telegrams		15. 19. 2		15. 19. 2
Dec	Corporation		5. 10. -		5. 10. -
1.					
Jany	H. & S. Bk January 10th		9. 7. -		9. 7. -
"	" June 5 to Nov.5 (Tientsin)		57. 17. 3		57. 17. 3
Mar	Corporation Dec 5 to Feb 28		17. 5.10		17. 5. 10
		1,111.17.3	113.13.3		1225.10.6

te of ment	Period to which the Payment Relate	Previous to Outbreak	Since 29 May'00 date of Outbreak	Tungchow Extension	Total
01.	Brought forward	1,111.17.5	113.13.3		1225.10.8
pr	per H.& S. Bk Mar 29th			5d 15. 6	5. 15 6
"	" Jany 28th		55. 3 -	-	55. 3-
"	" April 19th			12. 18. 6	12. 18. 6
May	"			7. 19. 6	7. 19.6
June	" April to June		28. 13. -		28. 13.-
"	J.M. & Co H'kong a/c Jan to June $451.80 at 1/11 5/16		41. 18d 11		41. 18.11
uly	H. & S. Bk July 5th		3. 11. 6		3. 11.6
"	S Dec 10 to May 4th (Tientsin)		28. 12. -		28. 12. -
"	Jan 3 to " 2 (Peking)		74. 16. 6		74. 16. 6
Aug.	Julys30 to Aug 9th		22. 11. -		22. 11. -
		£ 1,111.17.5	£ 368.19.2	£ 107.19.11	£1588. 16.4

Jardine Matheson & Co.,

(Signed) per Ed Cousins

Agents B. & C. Corporation Ltd.

Tientsin 18th December, 1902.

The British and Chinese Corporation Limited.

Statement of Telegraphic Expenditure

The Northern Railway to

30th June, 1902.

te of ment	Period to which the payments relate.	Total	Total
1901	Balance from last account	1,588.16. 4	
ust 30	H. & S. Bank 24th August.	1.13. 0	
tember 28.	Corporation . June to August.	7.14. 0	
tober 16.	H. & S. Bank 14th October.	7. 3. 0	
ember 31.	J. M. & Co. Hongkong. account June to December $65.20 at Exchange 1/10	6. 0. 7	
1902.			
uary 22.	H. & S. Bank. July 12. to October 16. 1901 (Peking)	61.19. 2	
22	do February 1900 to March 1901 (Shanghai)	190. 3. 6	
31	do January 27th	4. 19. 0	
uary 20	do February 18th	5. 10. 0	
20	do February 1st	6. 1. 0	
h 3	do February 28th	2. 9. 6	
" 7	do March 5th	2. 4. 0	
il 24	do February 17 to March 4th (Peking)	1. 8. 9	

June 30.	Corporation April to June	31. 12. 8
" 30	J. M. & Co Hongkong account Jan. to June	
	$8.80 at Exchange 1/8	15. 3
" 30	J. M. & Co. Shanghai account Feb. to May	
	Tls. 282.63 at Exchange 2/4	33. 6. 10
		£ 1,951.16. 5

Annex VIII.

Statement explaining difference in totals

Totals as given in Annexes I to IV of sums inserted in Original Statement.

Annex I	£	432,958 : 7 : 9
" II		3,999 : 15 : 0
" III		3,875 : 15 : 5
" IV		3,322 : 2 : 6.
		443,856 : 0 : 8.
Add Lumping Item 20 omitted in Annexes I to IV		8,980 : 1 : 5
Total.	£	452,836 : 2 : 1.

Total as given in Summary of Claim of April 1903. £ 452,836; 13 : 9.

Difference 11 : 8

This difference is caused by individual items in Items 15, 16, 17 being added in Sterling in Annexes I to IV, while in Statement of April 1903, they are converted into dollars and dollars into Sterling again.

Totals as given in Annexes:-

Item 15.	Annex I	£ 2,514 : 18 : 4		
	" II	100 0 0		
	" III	359 0 0		
	" IV	988 0 0	£ 3962 : 2	
Item 16.	Annex I	217 : 10 : 0		
	" II	93 : 6 : 8		
	" III	- - -		
	" IV	352 : 10 : 0	688 : 6	
Item 17.	Annex I	345 : 0 : 0		
	" II	443 19 4		
	" III	1020 : 5 0		
	" IV	1718 18 6	3528 : 1 : 2	
		Total	£ 8178 : 10 : 10	

Totals as given in Statement of April 1903.

Item 15	£	3962 : 0 : 0
" 16	£	689 : 0 : 0
" 17		3528 : 2 : 6.
Total		8179 : 2 : 6

Difference between Totals 11 : 8.

Stockwith
22 Sept. 19[illegible]

THE BRITISH AND CHINESE CORPORATION, LIMITED.

3, Lombard Street, London, E.C.

October 1st. 1903.

Francis A. Campbell Esq., C. B.

Foreign Office, S. W.

Sir,

We received yesterday a letter from Mr. Brenan respecting the Northern Railway, and concerning which Mr. Keswick, our Chairman, will call upon you on his return to town, probably next week.

Meanwhile we beg to hand you a copy of Mr. Brenan's letter.

We are,

Sir,

Your obedient Servants,

THE BRITISH AND CHINESE CORPORATION, LIMITED.

per. A M Farrer.

Secretary.

341

Sep 30

COPY. Tientsin, 27th. August 1903.

The Chairman,

British and Chinese Corporation,

London.

Dear Sir,

Before I leave the North I think I should make some observations on certain matters which closely concern the British and Chinese Corporation. These are (1) the redemption of the Northern Railway Loan, (2) the prospects of the extra-mural line, and (3) the development of the Nanpiao mines. These three matters are closely connected together.

By the terms of the Loan Agreement, the redemption of the Bonds will begin in 1905. From that time on, the Railway Administration will annually have to provide a sum of £57,500 for redemption. To judge of things as they look at present, the Railway Administration will be unable to meet this extra call on its resources. At the present time, the whole line, inside and outside the Wall, is earning enough to pay interest on the loan, but not enough to provide for redemption. It therefore seems more than probable that the Railway Administration will default; and in the event of the Imperial Government being unwilling to provide the necessary funds, the line within the Great Wall will, under Article 4 of the Loan Agreement, pass into the hands of the representatives of the British and Chinese Corporation.

This particular section of the line is at present earning enough to provide both for interest and annual redemption of bonds; and if the section outside the Wall could be separated, the earnings of the intra-mural section would be

Brit. & Chinese Corp.

No. 1 Oct. 1903
No. 2
2 Encls.

Chinese Northern Railway.
Enc. Copy of Letter from Mr. Byron Brenan to Redemption of Northern Railway Loan - Prospects of extra-mural line. Development of Nanpiao mines.
Mr. Chalmers
Sir. Byron Brenan
Copied to Peking
in No. 243 Oct. 7/03

930 Ch. 8vo.

sufficient security; but at the present time a considerable portion of these earnings have to go to make up the deficit on the working of the line outside the Wall. The section outside the Wall is now being run at a loss of 60,000 dollars a month.

A portion of the security for the loan is the earnings of the lines outside the Wall. As there are no earnings this security is valueless, and so far as the Bondholder is concerned it would be better, unless matters are going to improve, that the extra-mural line should be sold or even given away. Even in the case of default by the Railway Administration, the management of the extra-mural line could not pass into the hands of the British Bondholders. Under the Scott-Mouravieff Agreement of April 28th. 1899 it is provided that the Chinese Government may appoint an English Engineer and an English Accountant to supervise the construction of the line and the expenditure of the money; "but it remains understood that this fact cannot be "taken as constituting a right of foreign property or foreign "control, and that the line in question is to remain a Chinese "line, under the control of the Chinese Government, and cannot "be mortgaged or alienated to a non-Chinese Company."

This then suggests the consideration of the future prospects of the extra-mural line. When in 1898 these extra-mural lines were projected, the idea was that the main-line should run from Shan Hai Kwan to Sin Min Ting, and eventually cross the Liao river and be extended to Moukden and Kirin. This would have become the Manchurian trunk line. In those days the section between the main-line and Newchwang was of secondry importance, and was looked upon as a branch line. Since those days the situation has changed. H. B. M. Government has engaged not to seek any railway Concessions to the North of the Great Wall; and Russia has advanced so rapidly that she can now veto

any railway development in Manchuria which China herself might be minded to undertake. Under these new conditions the branch line to Newchwang has become the main-line, and the abortive trunk line through Sin Min Ting has come to a dead stop, and is now called a branch line.

It is safe to conclude that until the extra-mural line passes under the control of Russia, she will take care that no more branch lines are made to connect with the existing line, and that no new part of Manchuria shall be tapped. On the contrary she will conceive it to be her interest to starve the extra-mural railway; and this she can do either by direct interference, or by compelling the Manchurian officials to kill the carrying trade by excessive taxation. The near future may even supply Russia with a pretext for appropriating the railway as satisfaction for some offence committed by China.

The branch to Sin Min Ting is approaching completion, and we shall soon know whether it will add to the earnings of the extra-mural railway. Sin Min Ting is a great bean market, but as Newchwang is the port of shipment for these beans, and literally thousands of bean boats navigate the Liao river between Sin Min Ting and Newchwang, I do not think we can expect much increase in the earnings from that quarter.

Leaving out of consideration the political question, and merely looking at it as a financial operation, if the Sin Min Ting branch is going to prove unprofitable, it would be a good move to sell it to the Russians. They would probably be glad to get hold of it, and in their hands it would be linked up at Moukden with their main Manchurian railway, and become a feeder to it. Until it is in Russian hands this line must come to an abrupt end at Sin Min Ting and remain a white elephant in

the hands of the Chinese Railway Administration. If the line could be sold the money obtained could be safely invested until it was required to pay off the Northern Railway Loan Bonds, or it might be used to reduce the amount of the loan by buying railway bonds in the open market on account of the Railway Administration.

Such a proposal suggests a larger operation. I have good reason to believe that the Russians through the Russo-Chinese Bank would be glad to buy all the lines outside the Wall. Should this come about, and the proceeds be reserved for the redemption of the Northern Railway Loan, the Bondholder would be fully protected. The balance of the loan would be more than covered by the earnings of the intra-mural line.

Such a proposal would not probably be well received by H. B. M. Government. It might be said that this was making a gratuitous surrender of the position to Russia. But it is not because the British Bondholder has a lien on the earnings of the extra-mural line that Russia is going to stay her hand. It will require a more formidable barrier than this to stop Russia in her advance; and even admitting that the British Bondholders indirect interest in the extra-mural line is a factor in keeping Russia back, it is scarcely fair to ask him to retain his money in an unsound investment in order to retard thereby Russia's annexation of Manchuria.

Closely connected with the future of the extra-mural railway is the prosperity of the Nanpiao mines. The borings give promise that these mines are going to prove a very valuable property, provided that the output can be transported to a market. But as time goes on, and as events develop themselves, it becomes more and more evident that the future success of

these mines is at the mercy of Russia. Newchwang will probably be the port of shipment, and both at Newchwang and along the railway leading thereto, Russia may put such difficulties in the way that all traffic could be blocked. Any local disturbance, or affray with Russian soldiery, could afford Russia a pretext, if she was in need of one, for occupying the line for an indefinite period. There is not even the consolation that if the worse comes to the worse, we can be independent of Newchwang and the railway going in that direction; for to proceed in the reverse direction towards Ching Wang Tao or Taku, both of which ports lie within the Wall, there would still be a distance of 110 miles to be traversed along the extra-mural line. This extra-mural railway is wholly Chinese - this is established by the Scott-Mouravieff Agreement - and as such H. B. M. Government would have no more ground for extending protection to it than to any other part of Manchuria.

My conviction is that Russia has the intention of obtaining control of the extra-mural railway; by purchase as the result of a friendly arrangement with the English if possible; failing this, by advancing the money to China wherewith to redeem the bonds and cancel the railway loan; and failing this by seizure on some pretext, good or bad. If China, at Russia's instigation, should redeem the loan at a premium of 20 percent, as under the Agreement she has the option of doing, it may be taken for granted that the Russo-Chinese Bank will have meantime bought up all the bonds it can at market price, so that the premium of 20 per cent would be merely transferring money from one pocket to the other.

If there is a reasonable expectation that Russia is going to obtain possession of the extra-mural line, it is worthy

of serious consideration whether it is wise to sink much money in the Nanpiao mines, or spend the £200,000 which will be required for constructing the railway from Nanpiao to the main-line. It will be a waste of money if Russia eventually is opposed to the success of the mines, for without her good will the output cannot reach a market.

If the integrity of Manchuria was really guaranteed, and if we could feel certain that we shall always be independent of Russia, I would not advocate taking her into partnership; but if you share my views that Russian goodwill is essential to the prosperity of the mines, then the question how to secure this good will should be faced at once.

The fact that the Russian Navy requires large quantities of coal, and that we want to find a market at Dalny and Port Arthur, would give us a plausible opening for proposing that the Russians should have an interest in the Nanpiao mines, and the negotiations once entered upon, they might be allowed to expand so as to include, if deemed expedient, the disposal of the extra-mural railways.

Another matter in respect of which we may require Russian assistance is this. From enquiries I have been making I have reason to believe that a much nearer point of shipment than Newchwang can be found. I have been informed by persons who have examined the place that near the city of Ning Yuan on the main line there is a well sheltered spot on the coast with deep water near the shore, and where a pier could be built. If on closer examination such a suitable spot could be found, it would be necessary to construct a short branch line from the main-line to the coast. By the terms of the Scott-Mouravieff Agreement this may not be done with English capital. The

Chinese Railway Administration, if Russia permitted, might do it; or the Russians themselves could. So this is one more reason why it is expedient to interest the Russians in the success of the Nanpiao mines.

My sugge stion in effect is that in view of the probable course of events we should begin to prepare for contingencies. If Russia does evacuate Manchuria we shall not have sacrificed much; and if she tightens her grip we shall be in a much better position than if we had done nothing.

I enclose a sketch map which it will be useful to have before you as you read my letter.

I am,

Dear Sir,

Yours faithfully,

(Signed) BYRON BRENAN.

Printed for the use of the Foreign Office. February 14, 1901.

CONFIDENTIAL.

Memorandum by Mr. Bertie on Question with Russia in regard to Northern Railways of China.

IN view of the correspondence communicated to the Foreign Office by Mr. W. Keswick, M.P., Chairman of the British and Chinese Corporation, sent herewith, it behoves His Majesty's Government to consider what shall be their policy in regard to the Northern Railways of China.

On the 24th December, 1898, the Tsung-li Yamên gave to Her Majesty's Minister the assurance that none of the Railway lines named in the contract for the loan should be alienated to any foreign Power, and in the special circumstances of the case Her Majesty's Government consented "to take note of this promise as a binding engagement on the part of the Chinese Government."

The Agreement of the 16th (28th) April, 1899, with Russia was that the partition of Railway spheres arranged on the same date was not to infringe in any way the rights acquired under the Loan contract between the British and Chinese Corporation and the Chinese Government, and that the Chinese Government might appoint both an English engineer and a European accountant to supervise the construction of the line (Shanhaikwan to Newchwang) and the expenditure of the money appropriated to it. The Agreement went on to say :—

"But it remains understood that this fact cannot be taken as constituting a right of property or foreign control, and that the line in question is to remain a Chinese line, under the control of the Chinese Government, and cannot be mortgaged or alienated to a non-Chinese Company.

"As regards the branch line from Siaoheichau to Sinminting, in addition to the aforesaid restrictions, it

has been agreed that it is to be constructed by China herself, who may permit European—not necessarily British—engineers to periodically inspect it, and to verity and certify that the work is being properly executed.

"The present special Agreement is naturally not to interfere in any way with the right of the Russian Government to support, if it thinks fit, applications of Russian subjects or establishments for Concessions for railways, which, starting from the main Manchurian line in a south-westerly direction, would traverse the region in which the Chinese line terminating at Sinminting and Newchwang is to be constructed."

The Loan is for 2,300,000*l*. The 100*l*. bonds were issued at 97 per cent., to bear 5 per cent. interest per annum, and it is for forty-five years, and is redeemable at 100*l*. per bond by forty annual drawings of equal amount, commencing in 1905. The Chinese Imperial Railway Administration may, however, increase the amount of any drawings by giving three months' notice, and in that case the extra bonds so drawn are to be redeemed at 120*l*. per bond.

This they cannot will do without our consent JM

Besides being unconditionally guaranteed by the Chinese Government, the Loan is secured as a first charge on the earnings of the existing railway lines between Peking and Shanhaikwan, and on the earnings of the railway line from Shanhaikwan to Sinminting and from Chih-san-chau to Newchwang, and of the branch line from Nu-er-ho to the collieries of Nanpiao.

In the event of any default in the service of the Loan, it is provided that the railway lines between Peking and Shanhaikwan and entire property appertaining thereto shall be handed over to the Representatives appointed by the British and Chinese Corporation to manage on their behalf until the principal and interest of the loan have been redeemed in full.

For some time past the Russian Government have been endeavouring through various agencies to acquire control over the Shanhaikwan–Newchwang Railway.

The announcement that Russia intends to hold that line until she has been repaid for all expenses incurred by her in repairs to the whole railway from Peking to Newchwang is no doubt intended as pressure to induce the bondholders to part with their property.

One of the agencies most active in advocating a sale to Russia is the firm of Panmure Gordon

and Co., Stockbrokers, who, besides having a good deal of stuff to unload, have as one of their partners a Belgian—M. W. Koch—who is a brother-in-law of M. Rothstein, the jackal of the Russian Minister of Finance, M. de Witte.

According to M. Pokotiloff, the Manager at Peking of the Russo-Chinese Bank, direct railway connection from the Manchurian line to Peking is an absolutely essential part of the Russian programme, and Russia is determined to have it at any cost; and the railway line from the main Manchurian line in a south-westerly direction, for which, in the Anglo-Russian Agreement of 1899, Russia reserved a right, is an object which M. Pokotiloff says Russia keeps constantly in view, and if she cannot obtain possession of the Newchwang–Shanhaikwan line, she will herself build a line to Peking, irrespective of commercial considerations.

If Russia should really build such a line, she would control not only railway communication from Russia and Manchuria to Peking, but, through her ally—France—the Belgian Syndicate, and the Russo-Chinese Bank, she would have at her disposal for military purposes the contemplated Trunk line through China, viz., Peking to Hankow and on to Canton.

If Russia obtain control over the Newchwang–Shanhaikwan Railway she will be in a better position than now to divert the trade of Manchuria to Talienwan or to Kinchow inside the Liaotung Peninsula, which she is endeavouring to acquire, as Talienwan has not proved a good harbour.

At present the produce of Manchuria passes during the winter over the tracks hardened by frost to Newchwang, and there awaits the opening of navigation.

Trade Report, "China No. 2499."

The year 1899 was an extremely prosperous one for the trade of Newchwang; not only were the figures the highest on record, but they showed an advance of about 50 per cent. on those of 1898, which were greatly in excess of previous years, and this increase is not attributable to railway carriage, as the lines were not in working order in 1899; but the opening of the railway is expected to add to this increase.

Of the twenty-eight Treaty ports of China, Newchwang was fifth in the value of its trade in 1899; the totals being—

		£
Shanghae	(about)	18,000,000
Tien-tsin	"	10,400,000
Hankow	"	10,000,000
Canton	"	9,000,000
Newchwang	"	7,000,000

Annexed are particulars of the foreign trade of Newchwang:—

TABLE showing Total Value of all Articles Exported from and Imported to Newchwang direct from and to Foreign Countries during the Years 1898–99.

Country.	Exports.		Imports.	
	1898.	1899.	1898.	1899.
	£	£	£	£
Great Britain	774	22	2,229	29,530
Hong-Kong	61,767	88,293	84,279	298,712
British America	..	..	3,429	1,314
United States	..	..	127	140,565
Continent of Europe	..	..	..	11,479
Russian Manchuria	229	588	24,408	20,714
Russia by sea	..	..	..	17,785
Corea	8,360	1,300	7,826	13,179
Japan	947,261	1,213,769	84,555	258,600
Formosa	7,155	..	..	..
Other foreign countries	..	..	34	..
Total	1,025,546	1,303,972	206,887	791,878

RETURN of all Vessels Foreign Owned, or of Foreign Type, which have entered the Port of Newchwang during the year 1899.

Nationality.	Sailing.		Steam.		Total.	
	Number of Vessels.	Tons.	Number of Vessels.	Tons.	Number of Vessels.	Total.
British	12	6,862	173	178,135	185	184,997
Japanese	4	3,432	192	169,119	196	172,551
German	2	894	47	41,037	49	41,931
American	2	1,221	1	887	3	2,108
Danish	..	..	1	2,489	1	2,489
Swedish or Norwegian	..	..	23	20,274	23	20,274
Russian	..	..	13	8,137	13	8,137
Chinese	2	339	110	70,383	112	70,722
Total	22	12,748	560	490,461	582	503,209
Total for the year preceding ..	18	9,914	468	403,971	486	413,885

Note.—The clearances for 1899 were exactly the same as the entries.

In a recent letter (8th January, 1901) the British and Chinese Corporation were informed:—

"Lord Lansdowne understands that the question of the sale to the Russo-Chinese Bank, or persons acting in the interests of the Russian Government, of the extra-mural portion of the railway has recently been suggested to the Corporation.

"As you were informed in my letter of the 24th June, 1899, if the Corporation resolve to negotiate such an arrangement, the course is one which they must take on their own responsibility, and is not a matter on which Her Majesty's Government can properly offer advice. At the same time, I am to observe that when Her Majesty's Government allowed it to be stated in the loan prospectus that the loan had been arranged with their knowledge, and consented to take note of the Tsung-li Yamên's assurance that none of the railways named in the contract would be alienated to any foreign Power, as constituting a binding engagement on the part of the Chinese Government, Her Majesty's Government did so in the belief that under British management the line could not fail to prove of great advantage to the trade of this country, a condition which is not likely to be secured if the line should pass into foreign hands.

"Her Majesty's Government had this consideration in mind throughout the negotiations with the Russian Government, which resulted in the agreement embodied in the exchange of notes between Her Majesty's Ambassador at St. Petersburgh and the Russian Minister for Foreign Affairs of the 16th (28th) April, 1899."

The Corporation replied on the 11th:—

"As regards the question of the sale of the extra-mural portion of the railway, which the Marquess of Lansdowne learns has been suggested to the Corporation, we have to state that our information is confined to the following facts, which have been telegraphed, namely, that last month the Peking agent of the Hong Kong and Shanghae Bank was approached by the Russo-Chinese Bank, with whom several interviews were held, but the Corporation have no knowledge of any negotiation, and, on hearing of the interviews, Sir Thomas Jackson, the Chief Manager of the Bank, telegraphed from Hong Kong to the Peking agent, instructing him to take no steps in the matter.

"The Corporation are fully impressed with the gravity of the position, and of their obligations towards Her Majesty's Government, and no action by them will be thought of that would run counter to the intentions of the Government, as exemplified by the undertaking

given by Her Majesty's Government, dated the 26th January, 1899.*

"The Corporation do not possess authority from the bondholders to in any respect interfere with the fundamental conditions on which the railway loan was issued, and the securities connected with it were guaranteed."

The question now is should His Majesty's Government hold China and Russia to their written undertakings so recently given, or should the bondholders be encouraged to make terms with the agents acting in the interest of the Russian Government, and so relieve His Majesty's Government of any further responsibility in the matter.

(Signed) F. BERTIE.

February 12, 1901.

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o

* *Foreign Office to Hong Kong and Shanghae Bank.*

Sir, *Foreign Office, January* 26, 1899.

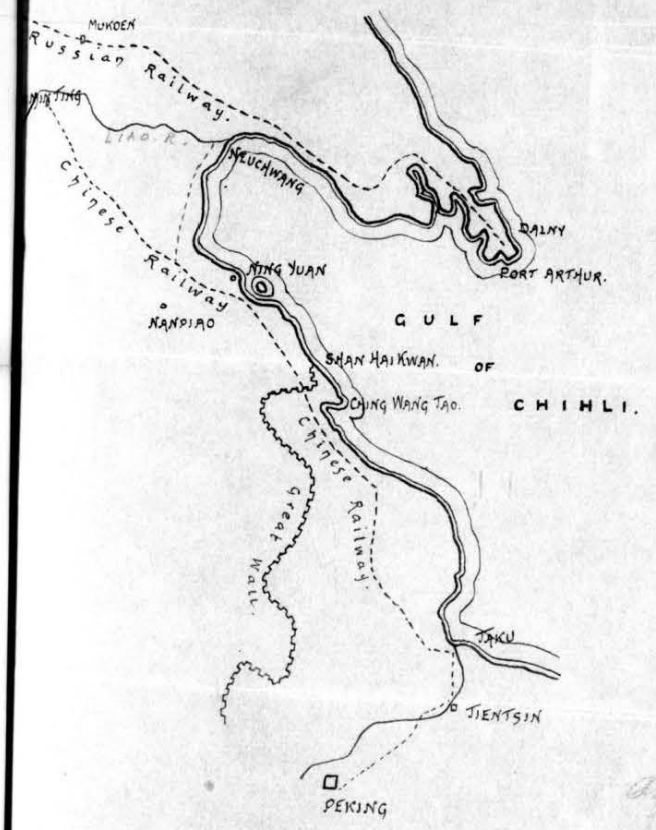
On the 29th December, 1898, you were informed by this Department that Her Majesty's Minister at Peking had received on the 24th December from the Tsung-li Yamên the assurance that none of the railway lines named in the contract for the loan to be made by the British and Chinese Corporation to the Chinese Imperial Railway Administration shall be alienated to any foreign Power.

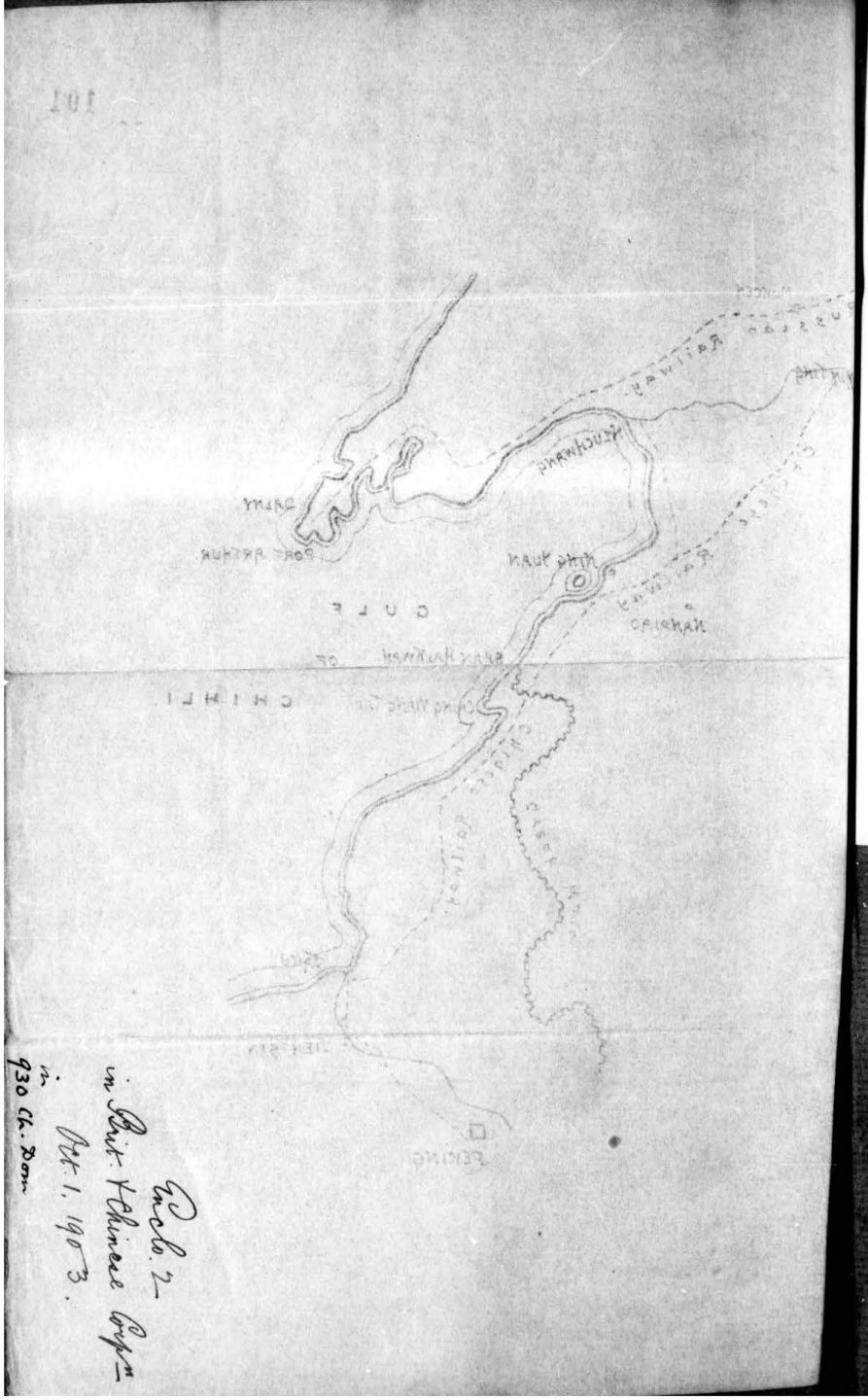
I am now directed by the Marquess of Salisbury to inform you that, in the special circumstances of the case, Her Majesty's Government consent to take note of this promise as a binding engagement on the part of the Chinese Government.

I am further to state that you are authorized to announce in the prospectus of the loan that the loan has been arranged with the knowledge of Her Majesty's Government.

I am, &c.

(Signed) T. H. SANDERSON.





Encl. 2
in British Chinese Corpn
Oct. 1, 1903.
in
930 Ch. Dom

British and Chinese Corporation

Oct. 1. 03.

102

Chinese Northern Railway

The Chinese cannot redeem the loan. Although the Railway Administration had power to do so under the original agreement for [illegible] since obtained an undertaking from the Chinese Government

Government that they shall not do so without the consent of H. M. G.

Whatever the financial situation may be the present moment does not appear favourable for making advances to Russia with regard either to the extra mural railway or the Nanpiao Mines. They would certainly be construed as an indication that we recognize our inability to protect the commercial enterprises of British Subjects in Manchuria and are ready to abandon the policy of the "open door" as far as that Province is concerned. Such a move would certainly prejudice the Japanese negotiations, and the Intelligence

Intelligence Division would have serious as to the military effect of bringing Russia's railway communications to the Great Wall.

Q. Ack: and say that you will be happy to see Mr. Kerwick when he calls.

√ Oct. 5/03

√ No 298 Oct 7/03 to Peking

Please see passages marked in accompanying printed memo: (Oct 5 ult.) showing that

what passed when the question of disposing of the Extra-mural line to the Russians was raised in 1901.

I think Mr. Kerwick should be told that while H.M. Govt. cannot interfere with the responsibility of the Corporation in the matter, they would in view of the present state of affairs in the Far East, & more especially having

regard to the pending negotiations between Russia & Japan, — regard the present time as even more inopportune than 1901 for proposing a transfer of the Extra-Mural line to Russia.

HLB 30/1/03

Mr. Brenan is probably right in believing that the Extra mural line, is destined to fall under Russian control, but, for the reasons given in these minutes, it would be very undesirable to choose this particular moment for encouraging a transfer.

If Mr. Keswick will call, I shall be glad to see him.

Should we ever be able to end the present practice of working through the Chinese Govt. and substitute direct

direct dealings with the Russian Govt. The question of the extra mural Ry might well come in as concession to be made on our side in return for equivalent at other points.

L

Dft.
Brit. & Chin. Corp.
Oct. 5/03.

with
930 Ch. Dom.

Peking,

5 October, 1903.

342.

y Confidential.

My Lord,

I have been informed by representatives of the British and Chinese Corporation that the extramural portion of the Chinese Northern Railways is at present worked at a loss of between $60,000 and $70,000 (say £6,000 to £7,000) a month, owing to the heavy likin duties imposed by the Tartar General at Moukden on goods carried by rail, from which duties merchandise transported by ordinary road is exempted. This loss has to be made good out of the earnings of the intra-mural portion of the line, and the balance just suffices to meet the interest on the railway loan. But in 1905 the redemption of the loan will begin, for which service a sum of £57,500 will be annually required over and above the interest. This amount the revenue of the intramural portion will be unable to supply, and the Chinese

he

ss of Lansdowne, K. G.,

c., &c., &c.

2=219235

Chinese Government will then have to choose between obtaining funds from some other source, and defaulting.

The Agents of the British and Chinese Corporation naturally feel anxiety at this prospect, and a suggestion was made to me not long ago by one of them to the effect that it would suit the interests of the British and Chinese Corporation to allow the Chinese Government to sell the extra-mural portion to Russia for what it would fetch, and so get rid of what is a constant source of loss. The completion to Hsin ming ting, it is said, will not improve the situation, because the traffic to be expected from that town is comparatively small in amount. The original idea, I now learn, was to continue the line to Moukden, which is an important political and commercial centre, but this scheme was frustrated by the Anglo-Russian Agreement of 28 April, 1899. It is true that the British and Chinese Corporation obtained for themselves a half-share in the Nanpiao mines as compensation for having to give up the intended mortgage on the extra-mural line, but it is stated to me that the Russians, remaining in possession of Manchuria, will

always

always have it in their power to prevent the profitable working of the mines, and whether they permanently retain possession or not, the convention of April 8, 1902 for the evacuation of Manchuria prevents any branch lines being constructed in any part of the three provinces without their consent. Should the Railway Administration and the British and Chinese Corporation desire to ship their coal from a point of the coast nearer than either Newchwang or Chin wang tao, Russia could step in and prohibit the necessary branch. The suggestion was therefore made to me that an interest in the mines should be given to the Russians in order to disarm their opposition.

I replied to this that the experience of a well-known British firm at Shanghai which has a joint interest with the Russo-Chinese Bank in certain mines in Northern Manchuria had not been of a character to encourage joint enterprise with Russians in the territory in question, and that I could not recommend the British and Chinese Corporation to approve the suggestion as to the Nanpiao mines. With regard to the extra-mural railway the Chinese had given an undertaking not to alienate any portion of the lines named in the loan Agreement and were therefore precluded from parting with the extramural line to Russia.

It

It was impossible for me to give my approval to this idea.

Some days later I was told that the Agent referred to had freely expressed the same views to various persons at Tientsin, and articles based on these utterances appeared in the "China Times", a local English paper, stating that negotiations for the transfer might shortly be expected to be concluded.

The foregoing explains the Reuter telegrams on this subject dated from Tientsin, which appeared in the "Times" of 27 and 28 August last, to the effect that it was expected that the Shanhaikwan-Newchwang railway would soon be the property of Russia, and that the Chinese desire to sell it. For the insinuation underlying the statement that the foreign and Chinese directors were proceeding to Newchwang for a consultation, presumably on this subject, with the Russian railway Authorities at the latter place, there is I believe no foundation.

I have the honour to be,

With the highest respect,

My Lord,

Your Lordship's most obedient,

humble Servant,

Ernest Satow

of handing over the line to the Russians.

Feb 6

Write to Sir E. Satow as proposed by Mr. Campbell.

L

Dft. Sir E. Satow

No. 364

~~Nov.~~ Dec 1/03

1903.

Peking. Oct: 5.

Sir E. Satow's
No. 342.
Very Confidential.

Recd. Nov. 23

Chinese Northern Railways.
Joint enterprise with Russia to be discouraged.
Print (Corea & Manchuria)

This Despatch has crossed our No. 329 of Oct: 20 recording the conversation with the Chairman of the B. & C. Corporation on the subject.

If the line is the real cause of the wave of prosperity on the extra-mural line Art: 8 of the Commercial Treaty may come into force in time to save the situation as it is not until 1905 that the redemption of the loan begins.

L.

I don't think we should wait until 1905. Sir E. Satow might be instructed to endeavour to obtain particulars, & in the event of his being able to show that the deficit on the extra-mural line to date is likely to exceed Mouckden, to make a strong representation on the subject, & point out the impossibility of such a course to the interests of the Govt. who will have to make good the balance if the earnings of the line are insufficient to provide the necessary sinking fund. In the latter case [illegible] operation.

I should not think Mr. Bredon (for he it is) could have been guilty of such indiscretion as to talk openly about the advantages

901 Ch. L.

Peking
5 October 1903

109

My dear Campbell,

The Agent of the British & Chinese Corporation alluded to in my despatch No. 342 Very confidential, is Brenan. I have no wish to do him harm, and hope you will not on any account give a copy of the despatch to

the Corporation. If you think it necessary to say anything about it to them, please give them only the gist. I daresay they will themselves have heard about the matter from E. G. Hillier or E. Cousins.

I told Lord Lansdowne about these blazing indiscretions in a private letter of 10 September.

Yours sincerely

Ernest Satow

Wk

Sir E. Satow's No. 342

H. St. Brooke.

F.O. 111

Oct. 5, 1903.

Dpt.

Secy.

British & Chinese Corporation

3 Lombard St.

E.C.

Sir, I have submitted to the Marquess of Lansdowne ~~with reference to~~ your letter of the 1st instant, enclosing a letter from Mr Brenan on the subject of the extra-mural portion of the Chinese Northern Railway, I am directed by ~~the~~ H.L. ~~Marquess of Lansdowne~~ to state that ~~He~~ he will himself be glad to see Mr Keswick ~~when he~~ ~~to next returns to~~ ~~London~~. ~~the subject of~~ ~~that letter~~ if the gentleman will call at ~~the Office~~ ~~on his return~~ to London.

The Mace
Khay-ader
Radnorshire
15th October 1903

112

To
The Rt: Hon: The Marquess of Lansdowne
Principal Secretary of State for Foreign Affairs

Sir,
With reference to your Lordship's favour of the 6th June last, I shall be pleased to hear if any reply has as yet been received from His Majesty's Chargé d'Affaires at Peking in answer to your Lordship's instructions & copies of notices sent there.

I am
Yours most obediently
A.B. Hoyle.

Draft.
Brit. Chinese Corporation.
F.O. Oct. 5. 1903.
[Reply: copies of Oct. 1/03]
Extra-mural position of Chinese Northern Railway.
Appears to see Mr. Alexander.

715. G.D.

3, Lombard Street, London, E.C.

October 15th. 1903.

Francis A. Campbell Esq., C. B.
Foreign Office, S. W.

Sir,

NORTHERN RAILWAY.

We beg leave to inform you that we have received the following telegram from our Shanghai Agents:-

"Referring to your letter of the 7th. August before address-"ing the Wai Wu Pu on the matter (i. e. the Tientsin Central "Railway Scheme) the British Minister requires the approval "of the British Government to diverting loan funds for the "new Station as was done in the case of the Tungchow "Extension in 1901. Request the Foreign Office to telegraph "approval direct to the British Minister."

The matter referred to is explained in the letters to the Corporation of which we beg to submit copies as follows:-

Directors of the Imperial Railways of North China dated Tientsin, June 25th. 1903.

Messrs. B. Brenan, C. M. G. and E. G. Hillier, dated Peking, June 14th. 1903.

The proposed scheme was so manifest an improvement to, while its abandonment was calculated to lastingly prejudice the Railway that the Directors of the Corporation felt themselves obliged in the interests of the Bondholders to take the responsibility of agreeing to sanction (subject to the conditions

Mr. H. B. Hoyle C.C.

Dep. 13 Oct. 1903
Rec. 15

Copy to June 6/03

His claim
Railway has been
recd. & form. Ch. d'Aff. at
Peking

Mr. Hoyle's claim is have the Railway claim and will not be paid by the R.A. Administration until the bonds are issued to settle their account.

Bar-

968 C.Dom.

which he received from the R.A. Administration with that he was entitled to regard to Mr. Hoyle's 7 months half pay but the contractor is for which he was credited in the account. Cash information.

We sent to Sir E. Satow a copy of this letter from Commander to the R.A. Administration and have heard nothing since.

Copy to Sir E.

Satow and inquire whether any

Mr. Hoyle
Oct. 20/03

Dft. Sir E. Satow
No. 313 Oct. 20

2.

named in the application) the withdrawal of the sum required from the Loan Funds although the improvement was not one of those contemplated in the Loan Agreement.

It appears to us from the telegram we have received that the Wai Wu Pu requires to be assured that H. M. Government approve of the proposal and that H. M. Minister wishes to be instructed direct from the Foreign Office as to whether he may give the required assurance.

We have consequently to request that you will be so good as to submit the matter to the Marquess of Lansdowne and ask him to telegraph to H. B. M. Minister his approval or otherwise.

We are,

Sir,

Your most obedient Servants,

THE BRITISH AND CHINESE CORPORATION, LIMITED.

per. W. Lewisohn

Chairman.

IMPERIAL RAILWAYS OF NORTH CHINA,

Office of General Counsel.

2, The Bund.
le Address:
Penella.

TIENTSIN. June 25th 1903.

Messrs The British & Chinese Corporation,

3, Lombard Street, London, E.C.

Dear Sirs,

It being within your knowledge that of the original loan funds provided under the terms of the loan agreement of 1898, there remains an unexpended balance to the credit of the Administration of the Imperial Railways of North China available for railway construction and equipment on the "extra mural" line of the said Railway, we, the undersigned members of the Board of Directors of the said Railways and the Engineer-in-Chief of the same, beg to propose that of the said unexpended balance the sum of £90,000 be diverted from the uses originally provided and applied to the purchase of land for and the construction of a branch line, of one and one half miles length, from a point on the main line near the new Tientsin Native City Station to the Peiho River opposite the Village of Hsiku, and to the purchase of land and development of the same on both banks of the River and at that point for the purposes of goods traffic in connection with inland navigation and lines of railway in prospect, and we beg to support this proposition with the following considerations:-

(1) Additional facilities for goods traffic are now required. The present goods yard is too small for existing traffic, and as it is surrounded by Russian Concession land there is no opportunity for its expansion at any reasonable cost.

(2) Even if expansion of the present goods yard were feasible, it would not be advisable as against the plan now proposed for the reason that goods passing between the Railway and boats are subjected to the inconvenience and delay of the boats having to pass through several bridges across the river and the Grand Canal above the goods yard, and goods passing between the Railway and depots by means of carts are subjected to the inconvenience and uncertainties of taxation incident to their having to traverse the Italian and Austrian Concessions before reaching the business portions of the Native City. It has, therefore, been deemed advisable to select a new site on the Peiho north of the Native City, free from difficulties of bridges and foreign concessions.

(3) The best site available is at Hsiku, where on the East bank an area of 165 acres with a river frontage of 3,100 feet, and on the West bank an area of 92 acres with a river frontage of 1,700 feet, have been earmarked for the purpose. The Railways, being a department of Government, have the right to expropriate land for public purposes at certain fixed prices known as "official prices". The "official price" of the land in question is about Taels One Hundred and Sixty (Tls. 160) per acre. Since the plan of the Railways became known the abutting land not expropriated has risen in value to ten times that amount - a good sign that the land owners hold favorable views of the undertaking.

(4) The Viceroy is at present engaged in developing the suburb of the Native City surrounding his Yamen on the East bank of the river. The distance between this suburb and the new goods yard will be not more than half a mile. The development of this suburb will tend to draw the City towards Hsiku, and this tendency will be promoted by certain natural advantages

of that portion of the territory surrounding Tientsin.

(5) It is proposed for the present to develop only on the East bank of the River. The purchase of the land on the West bank will be made with a view to the uses of future junctions with the proposed Tientsin-Yangtse line soon to be placed in construction, and with a line from Tientsin to Paotingfu, which is a probability of the future. There is good reason to believe that the Tientsin-Yangtse line will fall in with the plan now proposed. The advantages of the site are apparent to all the local agents of the interests involved, and the determination of the question is largely within the influence of the Directors of the Imperial Railways of North China.

(6) The works proposed, and which can be executed by the present Staff of the Railways will consist of branch line, side-tracks, goods yard, go-downs, wharves and bunding of river front, and the estimated outlay is £90,000. In the opinion of the Engineer-in-Chief the diversion of that sum from the unexpended balance will be without prejudice to the construction and equipment of the "extra mural" line, as the available balance in his opinion is sufficient to cover the original purposes and still leave enough for the plan now proposed.

(7) It is within your knowledge that all the property of the Railways inside the wall is mortgaged to you under the terms of the Loan Agreement of 1898, whereas, of the line outside the wall only the rents and profits are pledged. It is obvious, therefore, that other things being equal, it is more to the benefit of the Bondholders to expend capital inside the wall than outside the wall.

(8) The sum of £30,000 will be required at once, and the remainder will be required as the works progress, possibly over a period of four years.

We beg that if you find yourselves able to accede to our request you will telegraph to that effect to your authorised representatives, in order that no time may be lost in putting the plan on a safe basis.

Upon receiving notice of your approval we shall propose that the Administrators General memorialize the Throne as they may be advised to be necessary to secure the validation of the proposed modification of the original agreement, at the same time providing that the newly acquired property shall be subject to the mortgage effected by the original Agreement; and further providing that in the event it shall be found impossible to complete the construction and equipment of the "extra mural" line with the loan funds remaining after the diversion of the sum required for the present plan, the Government shall make good the deficit as it may be established in the judgment of the Engineer-in-Chief.

Plans of the proposed works are attached hereto, numbered "A" "B" "C". These plans are subject to modification as necessity may require.

Trusting that we may be favored with your very prompt consideration and reply,

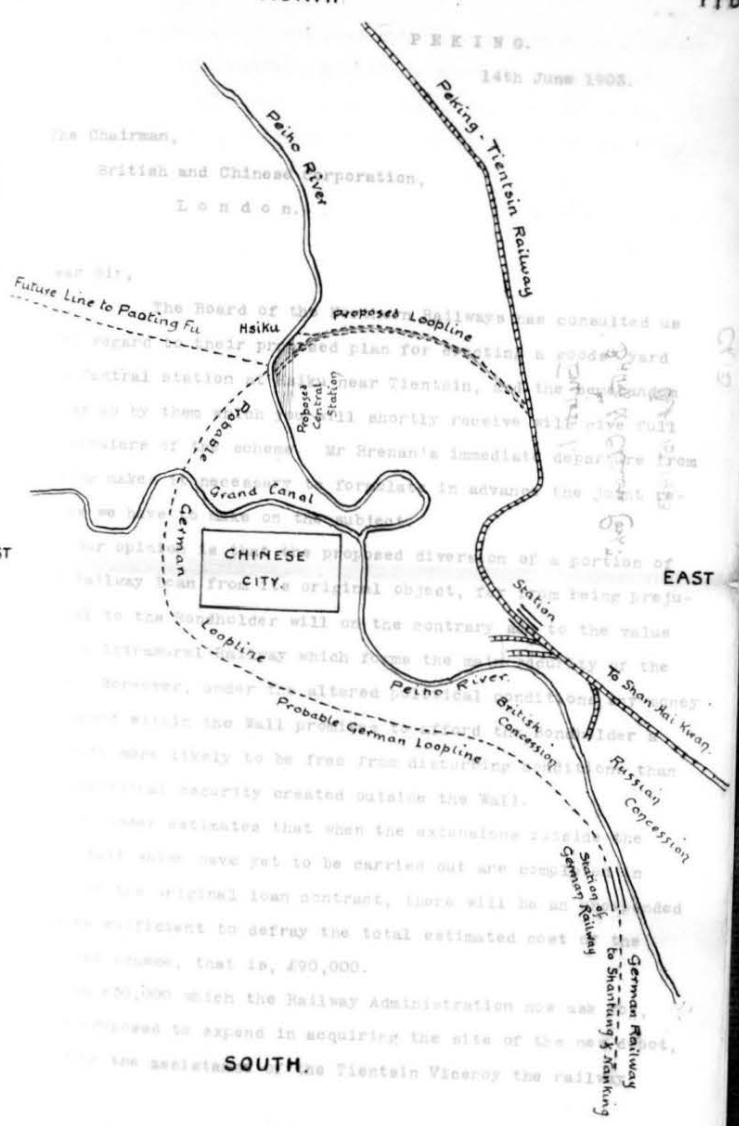
We have the honor to remain,

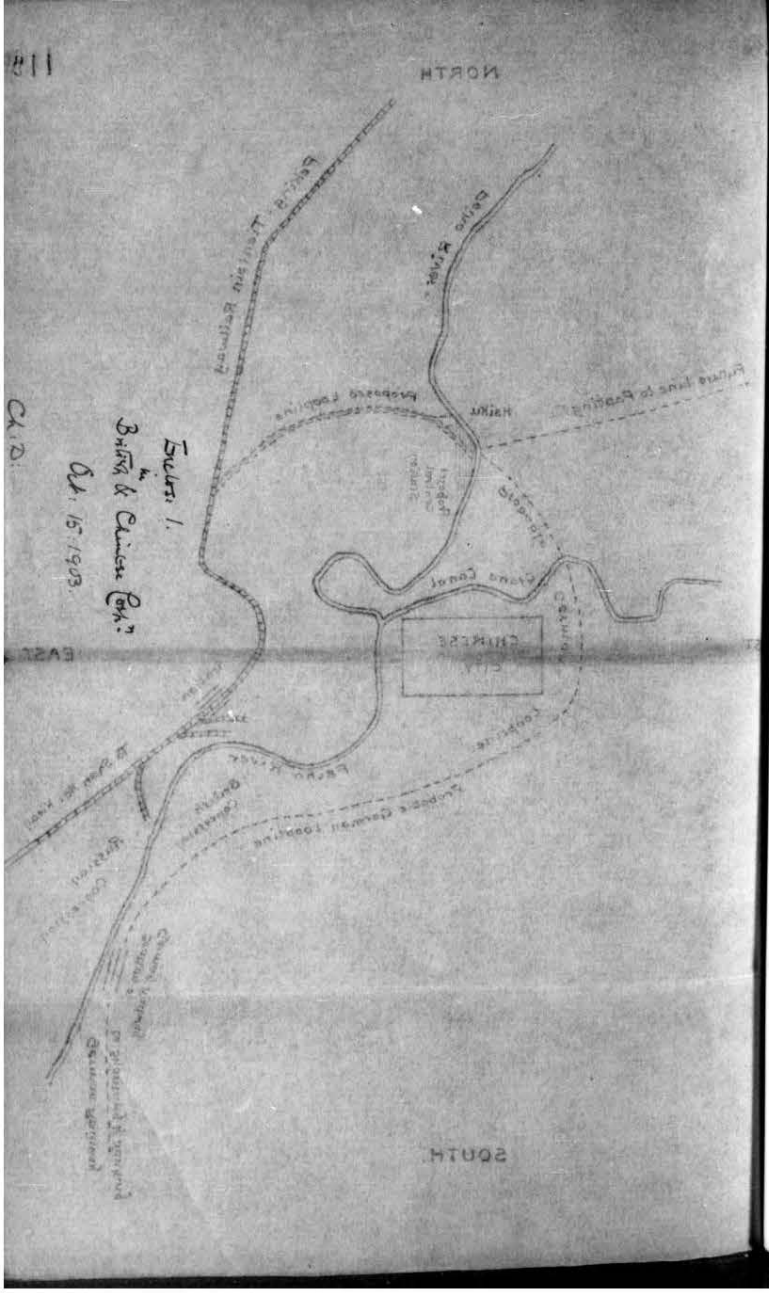
Your obedient servants,

CLAUDE W. KINDER. (LIN CHI MEI)

ED. COUSINS. M. T. LIANG.

We further enclose a coloured map from the German Authorities showing the surrounding Districts of Tientsin and proposed connection between Tientsin Chinkiang Railway terminus and Hsiku.


NORTH
Peiho River
Peking-Tientsin Railway
Future Line to Paoting Fu
Hsiku
Proposed Loopline
Probable
Proposed Central Station
Grand Canal
German
CHINESE CITY
Loopline
Station
To Shan Hai Kwan
Peiho River
British Concession
Russian Concession
Probable German Loopline
Section of German Railway
German Railway
to Shantung & Nanking
EAST
SOUTH



Encl. 1.
to
British & Chinese Corp.
Oct. 15. 1903.

C.1.2.

PEKING.

14th June 1903.

The Chairman,

British and Chinese Corporation,

London.

Dear Sir,

The Board of the Northern Railways has consulted us with regard to their proposed plan for erecting a goods' yard and Central station at Hsiku near Tientsin, and the memorandum drawn up by them which you will shortly receive will give full particulars of the scheme. Mr Brenan's immediate departure from Peking makes it necessary to formulate in advance the joint remarks we have to make on the subject.

Our opinion is that the proposed diversion of a portion of the Railway Loan from its original object, far from being prejudicial to the Bondholder will on the contrary add to the value of the intramural Railway which forms the main security of the loan. Moreover, under the altered political conditions any money now spent within the Wall promises to afford the Bondholder a security more likely to be free from disturbing conditions than any additional security created outside the Wall.

Mr Kinder estimates that when the extensions outside the Great Wall which have yet to be carried out are completed in terms of the original loan contract, there will be an unexpended balance sufficient to defray the total estimated cost of the proposed scheme, that is, £90,000.

The £30,000 which the Railway Administration now ask for, it is proposed to expend in acquiring the site of the new depot, and with the assistance of the Tientsin Viceroy the railway

people are now able to get possession of the land on very favourable terms. The remaining £60,000 required to complete the scheme can, if necessary, be provided as required out of the earnings of the Railway should no further surplus be available for the purpose from the balance of the Railway Loan.

As soon as the site has been converted into a depot and it has become the junction of the German railway, the proposed Paoting Fu Railway, and the Northern Railway, it will be worth many times the amount expended on it. Consequently as it is intended that this new property shall be added to the mortgage which forms the security of the Bondholders, this immediate expenditure of £30,000 will improve their security to a much greater amount. Merely, therefore, as a desirable investment of Railway funds, the scheme has everything to recommend it.

There is however another aspect of the question of great importance. On all accounts it is very desirable not to give the Germans an opportunity of gaining a footing on the East side of the Peiho River. It is at present their intention to connect their section of the Tientsin-Yangtse Railway with the Northern Railway at Hsiku. If the British and Chinese Corporation fail to secure control of the proposed loop line and Central depot at Hsiku by giving prompt financial assistance to the Railway Administration, there is a great danger of this depot and connecting loop line falling under the control of the Germans. It is much better that we should extend the Northern railway to connect with the proposed German terminus than that the Germans should be allowed to push beyond the Eastern River bank in order to effect a junction with our Northern Railway system.

Mr Liang, the Managing Director of the Northern Railway, is one of the two officers appointed to negotiate the terms of the Tientsin-Yangtse Railway; and in the course of the negotiations

which are just about to begin with the Germans it would be very easy for Mr Liang to arrange that the funds required to carry out the proposed scheme should be included in the German estimates.

It is on the foregoing grounds that we recommend that the application for funds should be complied with. Our suggestion with regard to procedure is as follows:- The Viceroy Yuan, as Administrator General of the Railway, will memorialize the Throne for permission to divert £30,000 for the purpose named, and will state in his Memorial that the British and Chinese Corporation have stipulated as a condition of their assent that should, in consequence, the balance of the loan prove insufficient for the completion of the lines outside the Wall, the Administrator General, as provided in Article 2 of the Loan Agreement of 1898, will arrange with the Imperial Government of China to provide funds from other sources sufficient to complete their construction.

We think it important that you should reply by telegram in order that immediate action may be taken with the object of frustrating speculations in land and possible opposition on the part of rival or hostile interests.

We are, dear Sir,

Yours faithfully,

E. G. HILLIER.

BYRON BRENAN.

A sketch plan showing the situation of the depot and loop line will be sent separately on Mr Brenan's arrival at Tientsin.

H. B. Brooke.

F.O. 122

Oct. 20, 1903.

Dft.

Wm A. B. Hoyle.

The Maes,

Chagford,

Radnorshire.

Sir,

I am directed by the Marquess of Lansdowne to ack. the receipt of your letter of the 13th inst. asking whether any reply has been received from H.M. Minister at Peking as to the claim relative made by you against the Administration of the North China Railway

Enclos: 2.

in

Brown & Ellinger, Esq.

Oct. 15. 1903.

C.L.D.

relative to your contention ~~Railway~~ that you are entitled to seven months half pay from the North China Rly Administration plus the balance still due on account of passage money instead of only five months half pay ~~which was~~ the amount of which your claim ~~includes~~ among the claims of the European Railway staff ~~to be met as soon~~

has been so done as the General Railway Indemnity ~~funds have been paid into the bank~~. claim against the Chinese Govt.

A copy of your letter has been sent to Sir E. Satow, who has been instructed to report whether any communication on the subject has been received from the Railway Administration.

H. B. Brooke.

F.O. 124

Oct. 20, 1903.

Dft.

Sir E. Satow

of: No. 329

Sir,

With reference to my desp. No. 298 of the 7th instant, enclosing a copy of a letter from Mr Brenan on the subject of the extra mural portion of the Chinese Northern Railways, I have to inform you that Mr Kerwick told me this afternoon that he was strongly opposed to the idea of parting with that line

(Lord Lansdowne Memo. Oct. 20)

the Chairman of the British and Chinese Corporation,

Lord Lansdowne
Mr Ashley Lee
FO October 20. 1903
(Ref: in October 1903)

Mr Hongkong Chinese Government Administration
Dft Northern Chinese Railway
Copy of this letter sent to HM Minister at Peking for report

749 Ch. Dom.

line to the Russians, & that although some members of his Board had been attracted by the proposal which had been made to them by their Chinese representatives, he was confident of being able to prevent such a transfer from taking place. He fully realized the deplorable effect which would be produced if this important line were at the present time to pass into the hands of a foreign Power. Mr Kerwick said that the Corporation had great expectations of their Nan-piao coalfields which contained large

quantities of excellent coal, both anthracite & bituminous, at no great depth. If for no other reason than on account of this coalfield he was himself anxious to retain possession of the extra-mural line which could easily be connected with the coalfield.

L

H. W. Brooke.

F.O. 126

Oct. 20, 1903.

Dft.

Sir E. Satow
No. 313

WZ

Mr. Hoyle
Oct. 13

Sir,

With ref. to my desp.h to Mr. Bowles No. 166 of June 8th, I transmit to you a copy of a letter from Mr A. B. Hoyle, asking whether any reply has been received as to the claim made by him against the Administration of the North China Railway that he is entitled to 7 months half pay plus the balance still due

Draft
Sir E. Satow
No. 329 Confl.
F.O. Oct. 20, 1903.

[Ref: F.O. No. 329/03]
Extra-mural portion of Chinese Northern Railways.
Informs of Commun.n with Mr Hoyle.

585 a. 45.

due on account of passage money instead of only five months half pay ~~which was~~ the amount ~~of~~ at which his claim ~~included~~ was ~~among the claims of the European Railway staff to be met as~~ set down in ~~soon as~~ the General Railway Indemnity Claim against the Union Govt ~~funds have been paid into the bank~~, as reported in Mr Townley's desp. No. 106 of March 19th last.

J

I should be glad to learn whether you have received from the Railway Administration any communication with regard to Mr Hoyle's contention.

Decypher Sir E. Satow, Peking R. 12.15 R. 12.30 Nov. 19, 1903

Tel. 257. Railway Indemnity.

Please authorise payment to Chinese Railway Administration of interest at 4% due on £437,000 odd amount already allowed, out of sums set aside by delegate to provide interest on £800,000 which was total claimed.

Draft
Sir E. Satow
No 313
TO October 20. 1903
(Ref: TO No 166/03 & Mr Langley)

Mr Hopkins Railway Department
Will Mr Hopkins see the Railway
Pls. copy & Mr Hopkins Oct 22/03
Langley

569 Ch. Leg.

Tel: 257

Peking, November 19, 03.

Railway Indemnity

asks authorization of payment of 4% interest due on sum set aside by delegate upon title interest on total claimed.

~~Print~~ copies

Sir Ernest Satow

Sir E. Satow tel: No. 257

129

Indemnity Claim of Chinese Railway Administration.

Mr Towsley sent home the figures of the claim sent in by the Railway Administration after re-entering into possession. The claim to £ 448,836-13-9.

After communicating with the B. & C. Corporation we asked Mr

Mr. Townley to obtain explanations about certain items:

1. The advance of £9,000 from the British Railway Administration to the unit.

2. The claim for the hampers homes of £8,980 [illegible]

We also asked for certain explanations with regard to the operation of the losses on the Eastern-Central line.

Subject to satisfactory

satisfactory explanation on these points we said that we were prepared to accept the figures put in.

The explanations have not been received and we have heard nothing more. It is not therefore easy to understand what amount allowed [illegible], or how the £437,000 is covered at, if, as is probable, the word "thousands" has been omitted

omitted. Before answering we consulting the Treasury — if that is considered necessary — we shall have to elicit exp. these points.

Q. Telegraph accordingly to Sir E. Satow

Draft tel. numbered and sent tel 187 Nov. 20, 03

H.C.

F. O.

Nov. 20 1903.

Draft

Sir E. Satow

tel: N. 187

Your telegram No. 257 reads "4% due on £437 odd amount already allowed". We presume the word "thousands" has been omitted, but we do not understand how the figure has been arrived

Arrived at.

Has satisfactory

Explanation been obtained

on points raised in my

Despatch No. 205 [of

July 17]. ?

L

CONFIDENTIAL.

Sir E. Satow to the Marquess of Lansdowne.—(*Received November* 21, 9·15 A.M.)

(No. 259.)

(Telegraphic.)

Peking, November 21, 1903.

YOUR telegram No. 187.

Thousand omitted.

My despatch of 30th September fully explaining should arrive 22nd November.

Sir E. Satow
Tel. 187
F.O. Nov. 20, 1903
[Ref. his Tel. 257 of Nov. 14]
Railway Indemnity
Asks for explanation of his Tel. 257.
Not for print.
628 Ch. C.

F.O.

No. 28. 1903.
3.30 pm.

Your tel: No. 257 [of No. 19. Railway Indemnity]

Payment of interest authorized except on £90,000 advanced by British Railway Administration as to which we are communicating with War Office.

L

Draft
Sir E. Satow
tel: No. 191

Sir E. Satow
No. 341

tel: 259
Peking 8 R. 24 November, 1903.
[Ref. F.O. tel. 187 of Nov. 20]

Railway Indemnity

Word "thousand" omitted in his tel. 257.
Letter fully explained in his despatch 30 (not yet received).

We shall receive the despatch with "Boxing" period.

HLB

PEKING,

28 November, 1903.

405.

My Lord,

I have the honour to transmit to Your Lordship herewith a copy of a Despatch which I have received from His Majesty's Consul at Newchwang, reporting the opening of the Hsin Min Ting branch of the Northern Chinese Railway, and an encounter between Russian troops and Chinese brigands on the frontier between Manchuria and Mongolia.

Newchwang No 36 November, 1903

I have the honour to be,

With the highest respect,

My Lord,

Your Lordship's most obedient,

humble Servant,

Ernest Satow

The

Marquess of Lansdowne, K. G.,

&c., &c., &c.

Sir E. Satow

Tel. 191.

F.O. November 28, 1903.

[Ref. his tel. 257 of Nov. 19]

Railway Indemnity

Payment of interest authorised except on £90,000 advanced by Brit. Railway Administration.

Marquess

H.M.Consulate.

Newchwang,

24 November, 1903.

(Copy)

No. 36.

Sir,

I have the honour to inform you that the Hsin Min Fu branch of the Shan Hai Kuan-Newchwang railway is now open to traffic. This section is about 67 miles in length from Kou Pang Tzu, where it leaves the main line, to Hsin Min Fu. It is expected that this branch will tap a productive grain district, but it would have been more useful if continued to Fa Kuo Mên, some 50 miles further to the north-east Hsin Min Fu is about 10 miles to the west of the Liao River and 40 miles west of Moukden, on the main road from Moukden to Shan Hai Kuan.

With reference to the allusion in my despatch No 34of 21 November to a conflict between Russians and Chinese brigands, I hear that a week ago several Russian wounded soldiers were brought to Dr Learmonth, a British medical missionary residing at Hsin Min Fu. HE attended to them and they were taken on to Moukden. It appears that an encounter had taken place between a small Russian force and the brigands near the Mongolian border tothe west of Hsin Min Fu.

From

Sir Ernest M. Satow G.C.M.G.

His Majestys Minister

Peking.

Peking Sir E. Satow. 28 Nov.

No 405.

Rec'd Jan. 16 1 Encl.

Northern Chinese Railway: reports opening of Hsin Min Ting branch.

Mr Li Railways

Memorandum.

Mr Skillington Divisn (H.O.)

40 Cl. L.

From the reports of movements of
ssian troops across the Kea Pang Tzu-Hsin Min Fu Railway (Hsin Min Ting)
is evident that an expedition crossed the Liao in pur-
it of the brigands. Exaggerated accounts of the incident
have been rife among the Chinese.

I have the honour to be
Sir,
Your most obedient
Humble servant
signed
H. E. Fulford.
Consul.

28 Nov. 1903.
Sir E. Satow.
No 405.

Print (Corea & Manchuria)

H. B. Brooke.

F.O. 139
Dec 1 1903.

Dft.
Sir E. Satow
No. 364

Sir,

I have received your Despatch No. 342 Very Conf. of Oct. 5th stating that you have been informed by representatives of the British & Chinese Corporation that the extra mural portion of the Chinese Northern Railways is at present worked at a loss of between $60,000 & $70000 a month, owing to the heavy likin duties imposed by

by the Tartar General at Moukden on goods carried by rail.

I request that you will endeavour to obtain particulars of the levy of these duties, & should you be able to show that the deficit on the revenues of the extra mural line is due to a considerable extent to the likin charged at Moukden, that you will make a strong representation to the Chinese Govt on the subject.

You

You should point out the impolicy of such a course in the interests of the Chinese Govt, who will have to make good the balance, if the earnings of the line are insufficient to provide the interest and sinking fund when the latter comes into operation.

Hd

H. W. Brooke.

O

Dft.
Sir E. Satow
No. 370

Print (China)
Treasury

F.O. 141

Dec. 4 1903.

Sir,

I have received your desp. No. 341 of Sept. 30th on the subject of the statement furnished by the Imperial Northern Railway's Administration of China with regard to losses sustained by them in consequence of the Boxer disturbances in 1900.

In that desp. you state that Mr Cousins reports that Item No. 11 (of the Statement of Claim) was exclusive of Item No. 9 - 2244 d 2

Draft
Sir E. Satow
No 370
F.O. December 1. 1903
(Refs. his No 341/03)

Skin. Intire. Devid. at Mukden
I make no strong representation
to Chinese Govt. at this
Print (Treaty Revision)

646 Ch. Sig.

No. 12, that is to say, the amount given covers work done or to be done ~~after~~ apart from the expenditure of ninety thousand pounds by the British Railway Administration, so that there has been no double charge as at first appeared possible. £90,000

Mr Cousins also states that the sum of one hundred & twenty one thousand six hundred and fifty five pounds, fourteen shillings and eleven pence charged £121,655. 14. 11.

by the Administration for damage to the extra mural section of the railway is exclusive of any repairs executed by the Russians.

Mr Otterill in the report indorsed in your Despatch as, after an examination of the accounts and vouchers, admitted items amounting to £436,912 .. 8 .. 11, and in my tel: No. 191 of the 28th inst: I have authorized the payment, out of the indemnity funds in the hands of the British Delegate on the Bankers Commission, of interest on that amount, less £90,000 the sum advanced from British Army Funds for repairs on the railway while it was under British administration.

Mr Otterill has ~~of course~~, included the remaining ~~to make certain~~ items in ~~observations with regard to the following claims:-~~

(1.) Annex III ~~of Mr Otterill's Report~~ containing among those as to ~~items on~~ which some decision would appear to be necessary.

(2) Annex IV. Items in regard to which some further information

is

is required before ~~being~~ they can be considered as definitely settled.

(3.) The claim in respect of the Nanpiao mines.

There are only two items comprised in Annex III upon which it is ~~possible~~ necessary for ~~the~~ ~~Dept.~~ to ~~offer~~ express an opinion at the present time: viz. 1. Messrs Jardine & Matheson's claim for expenditure on telegrams, & 2. Mr. Frazer Hurst's claim.

1. From Mr Otterill's remarks

remarks opposite the entry in Annex III, ~~the British & Chinese Corporation claim~~ £1111. 17. 3 on account of telegrams paid by the British & Chinese Corporation ~~had~~ previous to the Boxer outbreak, & from the Corporation's letter of July 7th of which a copy was enclosed in my desp. to Mr Townley No. 205 of July 17, last, a statement appears to have been submitted which comprised tels. sent from London commencing

If the Company's claim, it appears that the claim includes an item of

3 - 2244 d 2 April 1899.

~~Although~~ such

~~Although~~ Such a claim may be a good one as against the Chinese Govt., but it is not understood how ~~I do not consider that~~ telegrams sent previous to the outbreak can be included in the present account. You should ~~therefore~~ inform the Administration that no telegrams should be charged for in this claim except those which were rendered necessary by the disturbances.

2. Dr. Drager Hurst's ~~claim~~ I am in communication with Solicitors with regard to his ~~having been dealt with~~ claim and as soon as a ~~in your dep. No. 312~~ settlement has been arrived at ~~of a~~

~~of Sept. 4th~~, a separate communication will be addressed to you on the subject.

As this Dept. is not in possession of the terms of the Agreements under which the different ~~individuals~~ officials of ~~some~~ the Administration were employed, & as at this distance it is not possible to discuss each claim with the Administration in detail, I am unable to express an opinion resp. the unsettled claims under Annex IV, nor with the exception of the two items mentioned, can any

any decision he come to here as to the items in Annex III.

I request you therefore to endeavour to obtain on the spot such further information as may be necessary to elucidate the points in doubt with regard to these claims. If, in the light of any explanations which you may require, the amount of the claim arrived at in each case by the Administration appears to you to be fair, you are authorized to

to accept it.

With regard to the question of losses at Nanpiao, Mr Townley was informed in my desp. No. 205 of July 17th that H.M.G. might perhaps pass the claim under No. 20, (p. 23 of the printed copy of his desp. No. 138 of April 9, which was forwarded to him) if the Railway Administration were able to prove that the facts brought to light since Mr Wilkinson's award showed a greater destruction

destruction of plant than they were aware of when the claim was sent to him.

~~You state, however,~~ ~~that~~ Mr Cousins ~~reports~~ admits ~~however~~ that such is not the case, & that Mr May, the boring Engineer in charge at the Mines, estimates the amount of extra direct damages (for which compensation had not been received) at £100. Mr Cousins expresses the hope that, in view of the indirect losses arising out of the troubles of

of 1900 being considerable, H.M.G. will give further consideration to the request of the British & Chinese Corporation that the claim under this heading may be allowed as compensation for three years enforced cessation of work.

As, ~~however~~ then, already ~~this~~ explained, such a claim should properly have been included in Mr Wilkinson's award if the claim was legitimate, but it would presumably have been disallowed as consequential damages.

With the exception, therefore

therefore, of the £100 estimated for extra direct damages, I am ~~of opinion that~~ this claim ~~for £13,814 4. 5. less £4,834 3. 0. passed by Mr Wilkinson~~, must be disallowed.

As far as figures of the unsettled claim in Annexes III and IV have been arrived at I shall be obliged if you will furnish me with a report showing the total amount of the claim as passed.

I request that you will thank Mr Otterill for his report.

Sd

L

5 - 2244 d

No. 1.

The Marquess of Lansdowne to Sir E. Satow.

(No. 370.)

Sir, *Foreign Office, December 4, 1903.*

I HAVE received your despatch No. 341 of the 30th September, on the subject of the statement furnished by the Imperial Northern Railway's Administration of China, with regard to losses sustained by them in consequence of the Boxer disturbances in 1900.

In that despatch you state that Mr. Cousins reports that Item No. 11 (of the Statement of Claim) was exclusive of Item No. 12, that is to say, the amount given covers work done, or to be done, apart from the expenditure of 90,000*l.* by the British Railway Administration, so that there has been no double charge as at first appeared possible.

Mr. Cousins also stated that the sum of 121,655 14*s.* 11*d.* charged by the Administration for damage to the extramural section of the railway is exclusive of any repairs executed by the Russians.

Mr. Ottewill, in the report inclosed in your despatch, has, after an examination of the accounts and vouchers, passed items amounting to 436,912*l.* 8*s.* 11*d.*, and in my telegram No. 191, of the 28th ultimo I have authorized the payment, out of the indemnity funds in the hands of the British Delegate on the Bankers Commission, of interest on that amount, less 90,000*l.*, the sum advanced from British army funds for repairs on the railway while it was under British Administration.

Mr. Ottewil has included the remaining items in:

(1.) Annex III. Among those as to which some decision would appear to be necessary.

(2.) Annex IV. Items in regard to which some further information is required before they can be considered as definitely settled.

(3.) The claim in respect of the Nanpiao mines.

There are only two items comprised in Annex III upon which it is necessary for me to express an opinion at the present time, viz., (1) Messrs. Jardine and Matheson's claim for expenditure on telegrams, and (2) Dr. Frazer Hurst's claim.

1. From Mr. Ottewill's remarks opposite the entry in Annex III of the Company's claim, it appears that the claim includes an item of 1,111*l.* 17*s.* 3*d.* on account of telegrams paid by the British and Chinese Corporation previous to the Boxer outbreak, and from the Corporation's letter of the 7th July, of which a copy was inclosed in my despatch to Mr. Townley, No. 205, of the 17th July last, a statement appears to have been submitted which comprised telegrams sent from London commencing April, 1899.

Such a claim may be a good one as against the Chinese Government, but it is not understood how telegrams sent previous to the outbreak can be included in the present account. You should inform the Administration that no telegrams should be charged for in this claim except those which were rendered necessary by the disturbances.

2. I am in communication with Dr. Frazer Hurst's solicitors with regard to his claim, and as soon as a settlement has been arrived at a separate communication will be addressed to you on the subject.

As this Department is not in possession of the terms of the Agreements under which the different officials of the Administration were employed, and as at this distance it is not possible to discuss each claim with the administration in detail, I am unable to express an opinion respecting the unsettled claims under Annex IV, nor with the exception of the two items mentioned, can any decision be come to here as to the items in Annex III. I request you, therefore, to endeavour to obtain on the spot such further information as may be necessary to elucidate the points in doubt with regard to these claims. If, in the light of any explanations which you may require, the amount of the claim arrived at in each case by the Administration appears to you to be fair, you are authorized to accept it.

Draft
Mr. Satow
No. 370
4 D. December 1903
Imperial Northern Railway Administration of China - Claim for Losses during Boxer troubles
Marquess of Lansdowne
Report
Mr. Ottewill
Telegrams
Dr. Frazer Hurst
To know the result.
Draft
Frazer

656 Ch. 2.

With regard to the question of losses at Nanpiao, Mr. Townley was informed in my despatch No. 205 of the 17th July, that His Majesty's Government might perhaps pass the claim under No. 20 (p. 23 of the printed copy of his despatch No. 138 of the 9th April, which was forwarded to him), if the Railway Administration were able to prove that the facts brought to light since Mr. Wilkinson's Award showed a greater destruction of plant than they were aware of when the claim was sent to him.

Mr. Cousins admits, however, that such is not the case, and that Mr. May, the boring engineer in charge at the mines, estimates the amount of extra direct damages (for which compensation had not been received) at 100*l*. Mr. Cousins expresses the hope that, in view of the indirect losses arising out of the troubles of 1906 being considerable, His Majesty's Government will give further consideration to the request of the British and Chinese Corporation that the claim under this heading may be allowed as compensation for three years enforced cessation of work. As already explained, such a claim should properly have been included in Mr. Wilkinson's Award if the claim was legitimate, but it would presumably have been disallowed as consequential damages.

With the exception, therefore, of the 100*l*. estimated for extra direct damages, this claim must be disallowed.

As soon as figures of the unsettled claims in Annexes III and IV have been arrived at, I shall be obliged if you will furnish me with a Report showing the total amount of the claim as passed.

I request that you will thank Mr. Ottewill for his Report.

I am, &c.

(Signed) LANSDOWNE.

H. B. Brooke.

FOREIGN OFFICE,
December 5, 1903.

Draft.

Treasury.

To Sir E. Satow
No. 370
Dec. 4. 1903
Imperial Northern Railways claim

To Mr Townley
No. 205 July 17
Sir E. Satow
No. 341 Sept. 30

[See Treas. Nov. 24]

Sir:-

The letter from this Department of July 18th enclosed a copy of a letter from the British and Chinese Corporation furnishing explanations on certain points in the statement supplied by the Imperial Northern Railways Administration of China of their claim for losses sustained in consequence of the Boxer disturbances in China in 1900.

I am directed by the Marquess of Lansdowne to transmit, to be laid before the Lords Commissioners of His Majesty's Treasury, a copy of the despatch which was addressed to His Majesty's Chargé d'Affaires at Peking on receipt of that letter, requesting

further

further information on the subject, together with a copy of the reply which has now been received from His Majesty's Minister in that Capital.

It will be seen that, after examination of the accounts and vouchers a total sum of £436,912.8.11. has been passed.

On the 19th ultimo His Majesty's Minister asked by telegraph for authority to pay to the Chinese Railway Administration interest on that amount at the rate of 4% - the rate which the Indemnity Bonds will bear - ~~out of~~ from the funds set aside by the British Delegate on the Banker's Commission out of the payments received from the Chinese Government, to provide interest on the claim of the Administration.

A telegram has been despatched to Sir E. Satow authorizing payment of interest

Some further inquiries will be necessary with regard to the balance of the claim but in the meantime

interest on the amount passed less a sum of £90,000, which had been included in it and which represents the advance made, as the Lords Commissioners are aware, from British Army Funds, when the railway was under British Administration, for the purchase of rolling stock and materials for the repair of the line between Yangtsun and Shanhaikwan.

As it appears from your letter 17707/03 of the 24th ultimo that it is not proposed to earmark the receipts from the Indemnity to be paid by the Chinese Government as applicable to expenditure provided for by different Departments of His Majesty's Government, I am to inquire what instructions should be sent as to the payment of the interest ~~sum~~ on the sum of £90,000 advanced by the War Office.

Three half yearly payments having been received from China it is assumed that the British Delegate has now in hand ~~a sum of~~ £5,400, in respect of interest on the above sum.

Lord

Lord Lansdowne would at the same time be glad to learn whether the Lords Commissioners are yet in a position to furnish him with their views on the scheme for the payment of the Northern Railways Indemnity Claim drawn up by Mr. E. G. Hillier of the Hong Kong and Shanghai Banking Corporation, of which a copy was enclosed in the letter from this Department of June 30th.

Tel

Treasury
70 December 5. 1903
Rec. 70 July 18/03

Claim of Imperial Northern Railways
Submitted by Mr. Hillier
Acknowledges Mr. Lansdowne's No 2054 of 18th ult. from Sir E. Satow No 34/03
Intimates that payment of instalment of £90,000 advanced.
Interest on figures advanced.
Forwards copy of Mr. Hillier's scheme in 70 June 30/03

861 Ch. 8.

Decypher Sir E. Satow, Peking R. 3 p.m. Dec 10, 1903
R. 11.45 p.m.

Tel: 266

152

Your tel: 191 [of Nov. 28]

British delegate has paid interest on £347,000 from January 1, 1902 to 1 July last. +

Hitherto Railway Indemnity has been estimated at £800,000 & interest on this amount provided for.

He asks whether surplus interest not required for payment to the Railway Administration can be applied next instalment on private claim certificates?

+ £347,000 = £437,000 − £90,000 the amount on which he was authorized to pay interest; deducting from the amount passed the £90,000 advanced by the British R.y Admin.n for repairs to the Railway

Decypher Sir E. Satow, Peking R. 3 p.m. Dec. 10, 03.
R. 11.45 a.m.

Tel: 266.

Your tel: 191 [7 Nov. 28]

British delegate has paid interest on three hundred and forty seven thousand pounds from January 1st, 1902 to July 1st last.

Hitherto Railway Indemnity has been estimated at £800,000 and interest on this amount provided for.

He asks whether surplus interest not required for the payments to the Railway Administration can be applied for next instalment on private claim certificates?

Peking R. December 10, 1903.
Tel. 266

Ref. F.O. tel: 191 of Nov. 28]

Boxer Railway Administration

interest has been paid on £347,000 from Jan. 1, 1902 to July 1st last.

R. Indemnity has hitherto been put at £800,000.

May surplus interest be applied for next instalment of private claim certificates?

(See Separate Minute)

930 ult. R.

● In: S. Salisbury tel: No. 266

154

Northern Railways Indemnity

Claim:

The sum of £600,000 has included in our claim against China to cover the losses incurred by the Northern Railways Administration; and the British Telegraph & the Bankers Commission [illegible]

tel: 266

Peking R: Dec. 10, 1903

[ref. F. O. tel: 191 of Nov. 28]

Imperial Northern Railways

Administration.

interest has been paid on £347,000. from Jan 1 — July 1 last.

Railway Indemnity hitherto estimated at £600,000, and interest provided accordingly.

Could surplus interest be applied as next instalment on provisional claim certificate?

930 Ch-L.

been setting aside, out of the indemnity payments received from the Chinese Govt. every six months, the necessary amount to provide the interest on the whole £800,000, at 4% the rate payable on the bonds in which the Railway claim is to be paid.

The figures of the Railway claim have now been received. The total amount claimed is about £452,000, of which about £437,000, has been passed and further correspondence is going on about the balance.

The British Delegate has been authorized to pay to the

the Railway Administration the interest due on the £437,000, and he now desires instructions about the surplus.

The Railway claim is to be paid in bonds, as soon as the form of these bonds has been settled with the Chinese Govt. If the Administration only receive bonds the face value

value of which is equal to the amount of the claim they must obviously be losers.

Mr. Hellier of the Hongkong & Shanghai Bank has therefore proponded a scheme for the payment of the claim which will involve the retention of bonds for the whole £800,000, of the original estimate. The scheme

scheme is before the Treasury and we have recently asked them when we may expect their answer. Until we get a decision from them on the subject, and it is settled how the Railway claim is to be paid I think the British Delegate should hold up the surplus interest.

Q.

Q. Treasury and propose to reply in that sense.

G.R.

TWL

Dept. Treas.
Dec. 15/03.

H. H. S. Brooke.

F.O.

Dec. 15, 1903.

Dft.

Treasury.

Immediate

Sir,

With reference to the letter from this Office of the 5th inst. on the subject of the Northern Railways Indemnity claim, I am directed by the Marquess of Lansdowne to transmit to you, to be laid before the Lords Commrs of H.M. Treasury, the accompanying copy of a tel. from H.M. Minister at Peking, stating that the British Delegate on

in G. Satow
Tel. 266
Dec. 10. 1903

Banker's Commission has asked whether the surplus on £800,000, the amount interest at which the in question claim has been hitherto estimated, can be applied for the next instalment on the private claim certificates.

As the Lords Commrs are aware, ~~that the~~ ~~was set aside to cover the Railways Indemnity~~ the claim, ~~which~~ has ~~now~~ been found to amount ~~to~~ approximately to £450,000, including the £90,000, advanced for repairs to the Railway while the Railway was under British Administration. Mr Bevis has been authorized to pay the interest on £347,000 and is to ~~hold~~ the interest on the £90,000 until he receives further instructions.

In the letter from this Dept. of June 30th last

From the reports already received from Mr Bevis & communicated to your Dept., it is evident that the surplus referred to is due to his having set aside, from each half-yearly instalment received from the Chinese Govt, a sufficient sum to cover the payment to the Railway Administration of the half-yearly interest on the whole £800,000.

last a scheme drawn up by Mr Hillier, the Manager of the Peking branch of the Hong Kong & Shanghae Bank, was inclosed, which was based upon the ~~assumption~~ proposal that H.M. Govt should retain the whole of the £800,000 as security for a loan to be raised to provide in cash the amount of the claim allowed. It appears to Lord Lansdowne ~~for reasons, therefore, with the concurrence~~ that ~~of~~

of the Lords Commrs,
to inform Sir Ernest
~~Satow in reply~~ that,
until a decision has
been come to with
regard to Mr Hillier's
scheme & it is settled
how the Railway claim
is to be paid, it will be better that the
British Delegate should
retain the surplus interest
accruing on the original estimate
of the claim, and His Lordship
proposes ~~that~~ if the Lords Commrs
should concur in this view,
~~to inform~~ in this sense reply to Sir E Satow
enquiring ~~in this~~

TBS

BRITISH LEGATION,

PEKING.

161

17 December, 1903.

No. 433. My Lord,

With reference to Your Lordship's despatch Number 313 of the 20th October last on the subject of Mr. A. B. Hoyle's claim against the Imperial Chinese Railways Administration, I have the honour to inform Your Lordship that seven months half

£8.15.0 pay at Eighteen Pounds Fifteen Shillings, making a total of

£131.5.0. One hundred and thirty one Pounds Five Shillings, was inserted in Enclosure Number Three in my despatch Number 341, of the 30th September last, as being the sum payable to Mr. Hoyle. With reference to the claim for balance still due on passage money,

I have the honour to observe that Mr. Hoyle received Five

Tls. 500 hundred Taels for his passage home from the Administration, and that no larger sum was paid by them to anybody. It seems to me that this sum was sufficient for the purpose, and that no increase should be allowed.

I have the honour to be,
With the highest respect,
My Lord,
Your Lordship's most obedient,
humble servant.

Ernest Satow.

The Marquess of Lansdowne, K.G.,
etc., etc., etc.,

Treasury
F.O. December 15/1903
(Ref. F.O. Dec. 5.)

Northern Railways Indemnity Claim. — Tel. copy Sir E. Satow Tel. dtd Dec. 10. 1903 reqs. authy interest. Proposed that Ld Cranbrook shd retain authy interest on original interest. dates convenience

880 C.O.

No. 436.

Confidential.

PEKING,

21st December, 1903.

My Lord,

It will be within Your Lordship's recollection that whilst the Chinese Northern Railways were being administered in 1901 and 1902 by the British Military Authorities the latter advanced a claim to the interest earned on the unexpended balance of the loan, which was deposited with the Hongkong & Shanghai Banking Corporation in London and that the British and Chinese Corporation maintained in a letter to the Foreign Office dated 24th July 1902 that they were entitled to retain the interest and add it to the capital.

As long as the railway remained in the hands of the British Military Authorities, I felt bound to contest the point on their behalf, but the restoration of the railway to the Chinese Authorities having taken place in September 1902

The Marquess of Lansdowne, K.G.

etc. etc. etc.

Sir E. Satow

No 433.

Rec'd 30/31 Jan. 31

Mr Hoyle's claim considered that no further increase should be granted.

Mr Hoyle's letter of Jan. 29. Drs will enable us to get rid of the matter.

Draft Mr Hoyle

Draft letter.

44 Cl. R.

1902, my responsibility ceased, and I was not called on to reply to the arguments of the British and Chinese Corporation and its legal adviser.

I learn that the Chinese Administration has now renewed the claim made previously in its interest by the British Military Authorities and I have been furnished with the enclosed copy of a letter recently addressed to the British and Chinese Corporation by the directors of the railway.

It has always been a matter of surprise to me that the Corporation should have set up this contention, in view of Article XVI of the loan agreement, which provides that the payment of the entire proceeds of the loan will be made in London to the order of the Administrator-General not later than the 31st March, 1899. From that date the proceeds belonged to him and were at his disposal, and any interest accruing on the whole or a part must likewise be at his disposal. But I have been told that the Administrator-General of that period, Chang Yi, did not possess the confidence of the Corporation and that the money was consequently not paid to his order, and that the Chinese have never objected.

Perhaps

Perhaps the Corporation are in possession of the written consent of the Administrator-General to their retention of the principal sum or the balance of it in their hands, but even then unless there were an agreement on his part that the interest should be added to capital, it is difficult to see on what ground this can be defended.

I have the honour to be,

With the highest respect,

My Lord,

Your Lordship's most obedient,

humble Servant,

Ernest Satow

TIENTSIN, 21st November, 1903.

To the
Board of Directors,
British & Chinese Corporation,
London.

Sirs:-

We beg to bring to your attention and consideration certain questions that have at several times arisen between ourselves and your Financial Agents, the Hongkong & Shanghai Banking Corporation at Tientsin. These questions involve interpretation of the Loan Agreement of 1898, and in particular of Clause 8 thereof. The questions may be stated as follows:-

1st. Whether or not interest earned by the unexpended balance of loan funds in London shall be lodged to the credit of loan funds, or shall be available for the ordinary purposes of the Railways, or, in other words, considered as revenue.

2nd. Whether the Railways are by the terms of the Loan Agreement of 1898 under obligation to utilize in construction account the specific fund comprising the loan funds, or the unexpended balance thereof in London, and to remit to London, for payment of interest, the specific funds consisting of earnings deposited with the Tientsin Agent of the Hongkong & Shanghai Banking Corporation on current account, without regard to banker's accounts and state of exchange?

3rd. Whether or not the Hongkong & Shanghai Banking Corporation is entitled to the use without interest of moneys received

3-1663

received by it from the Railways for payment of interest in monthly instalments while awaiting the semi-annual interest payment made through its Agency?

4th. Whether or not under the provision for payments by the Railways on interest account in monthly instalments the Hongkong & Shanghai Banking Corporation is entitled to dictate the day of the month on which payment must be made?

If the position of the Bank on any of these questions were dictated by considerations for the better security of the Bondholders within the strict terms of the Loan Agreement, we should not be so ready to object. We do not observe that in any of these cases the position taken by the Bank is in consideration of security, but with all due deference we submit that in each case the Bank has adopted that position which is the most remunerative to itself.

The argument addressed to us locally in defence of the position of the Bank on the second question is illustrative: Reference is made to Clause 8 of the Loan Agreement, and the claim is made that the Railways are bound to a literal fulfillment of the said Clause for the practical reason that thereby the Bank receives a benefit which it would miss if the Railways were permitted to use for London purposes funds in China.

We submit that the full consideration to be received by the Corporation and its constituent members for their part in floating the loan of 1898 was to be covered by the margin provided in clause 12 of the Agreement. For the continuing service of the Bank Clause 8 provides a specific remuneration, to wit, ¼% on the annual loan service. Nowhere in the Agreement is

is there any evidence that any further consideration should move from the Railways. Furthermore, and this point appears to us important, the Loan Agreement of 1898 was an agreement between the Railways and the British & Chinese Corporation and not an agreement between the Railways and the Hongkong & Shanghai Banking Corporation. Not being parties to the Agreement the Hongkong & Shanghai Banking Corporation are not entitled to claim an interpretation in their particular favour, and without a reference to a benefit to accrue to the British & Chinese Corporation, as such. We therefore refer the matter to you as being with ourselves the only parties entitled to decide the question at issue.

With particular reference to each question we beg to say:

1. The position understood to have been adopted by your goodselves on the first question is, so we have been told, supported by opinion of counsel. We can understand that if the bald question was submitted to counsel as to the proper destination in accounts of interest accruing on capital balance, the answer might have been that such interest should be lodged to the credit of capital, such an answer depending upon the consideration that as unexpended capital balance is liable for interest payable it should therefore be credited with interest receivable. On the other hand we are not able to understand how such an answer could have been given to the question stated in full detail as it exists between us at the present time. The unexpended balance of loan funds has never been charged with interest payable. The interest on the total amount of the loan has been paid, as provided by the Agreement, out of earnings of an existing line of railways. The situation is not that usual in the case of Railways under construction in England but is that of a loan to a long established line of Railways for purposes of extension. Had there been

been no such long established line of Railways with an earning capacity, as now demonstrated, sufficient to cover the service of the loan but had the loan been made for the construction of a new and independent system which would have no income from earnings until completed , or in other words, until the loan capital had been fully expended, we can understand that during the period of construction when interest payable must be paid out of capital, interest receivable should be credited to capital. But ~~we as~~ as we have shown above this situation has never existed in the present case .

By a parity of reasoning to that upon which your Counsel seems to have based his opinion we may argue that as the interest of the whole loan has been paid out of earnings, the earnings account should receive the benefit of interest earned by unexpended balance of loan funds; or we may to the same end but in different form argue that that if interest accruing on unexpended balance of loan funds is to be lodged to the ~~ordeit~~ credit of the capital loan , then interest payable on so much of the loan as has not been utilized in construction should be debited to the same account.

2. As to the second question we submit with all due deference that it is but the part of common sense and ordinary business prudence to pay debts with credits existing where the debts are payable. It is an obvious waste to transfer money in two directions at the same time. The British & Chinese Corporation, as such, has no interest in insisting upon such double transfer and waste. We appeal to you in this connection for the reason that we assume the desire of the British & Chinese Corporation to be to safeguard the interests of its clients the Bondholders by preventing wasteful operations as far as possible.. Such a question would never have arisen had the construction

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construction of the extension lines not been interrupted for so long a time; there would have been in ordinary course no unexpended balance of loan funds remaining long enough to make the question one of serious import. Existing political conditions, however, tend to prolong the present situation, and we submit therefore that a discussion is not now out of place, and that an intelligent settlement of the matter should be arrived at between us. The Railways should not be required to suffer losses by the payment of useless bankers' commissions, and by forced transfers at times of unfavourable exchange.

So long as the Railways meet all demands on account of interest and amortization we submit that we should be free to utilize our credits to our own best advantage. The security of the Bondholders for the proper expenditure of the loan funds lies in the provisions made for the checking of such expenditure by the Foreign Chief Engineer and Chief Accountant. There is no other security for the fulfilment of this obligation of the the Railways. The supervision provided for may be exercised quite as well over the current earnings account as over the account in London. All that the Bondholders are interested in is that the total capital sum derived from the floating of the loan shall in due course be expended in the manner provided for by the Agreement or subsequent modifications of the same.

It is conceivable that the Railway Administration, or the Chinese Government, might have other credits abroad, and draw upon the same for the payment of the interest on the Railway Loan. It is inconceivable that in such case your goodselves would refuse to accept such payment and would requier that monies abroad should first be paid in the Bank at Tientsin and then again be transferred abroad. We submit that the argument of the Bank in Tientsin, that its own interest in the transfer transactions

transactions requires the literal fulfilment of Clause 8 by the Railways might just as well be urged in favor of the plan of double transfer stated above as in favor of the plan of double transfer now in operation.

3. All we have to say on the subject of the 3rd question is practically covered by the general remarks above as to the position taken by the Bank in Tientsin. The loan agreement is silent on the point. The local contention of the Bank is that the Bank is entitled to the use without interest of the moneys paid by the Railways on interest account in monthly instalments while in the hands of the Bank, as part of the consideration moving from the Railways on account ofthe floating of the loan. We submit again that the British and Chinese Corporation receive no benefit from the position taken by its Agents on their own behalf;thatthe Railways have made no agreement with the Bank looking to the use by the Bank of any moneys that the Railways without payment of the usual interest; and that the Railways are justified in contending for usual banking interest on moneys on fixed deposit.

4. The 4th question is of minor importance. In some measure it is included in the 3rd question so far as by the Bank's requiring the monthly instalment to be paid on the 15th instead of the last day of the month it thereby secures the use without interest of the moneys so paid for additional 15 days per payment. For the rest this point involves merely a question of convenience. The Railways' receipts are treated according to a monthly account, and it is greatly to the convenience of the Railways to pay so large an item as the interest on the loan after each month's receipts have been returned.

For the purpose of countering questions raised by the Railways

Railways as above it has sometimes been suggested that the Railways were not entitled to raise any questions because they are not themselves fulfilling in detail other obligations of theirs provided for by the Loan Agreement. As a matter of convenience, up to the present time the Railways have withheld from the current account with the Agent of the Hongkong and Shanghai Banking Corporation at Tientsin sufficient currency to cover the monthly pay account, it having been considered by the Railways a waste of labor to cart $120,000 Mexican from the Railways' strong room to the Bank and then to cart them back again and recount them on pay day of each month, but the Railways have now yielded to representations made by the Agent of the Bank and are prepared to resume the former inconvenient practice.

In the 2nd and more important place, the Railway Administration has been reminded that the yearly subsidy of Taels 50,000 each from 4 provinces provided for by Clause 8 of the Agreement has not been maintained. As to this point we beg to submit that the failure of the Government to set apart the subsidy in the past has not in any wise prejudiced the Loan Agreement. It certainly cannot have been contemplated that the annual subsidy should remain again without interest as the Hongkong & Shanghai Banking Corporation might claim, in the hands of the Bank from the beginning of the term of the loan until the present day, amounting by this time altogether to the sum of One Million Taels, unused and unrequired, and merely as a cash security in addition to the mortgage on the Railways' property and earnings. The Agreement is silent as to the rights of the Railways over any surplus of earnings or subsidy after working and maintenance expenses and service of the loan have been met, but obviously it would not be claimed that on that account the right of the Railways over ~~any~~ such surplus is in anywise impaired.

Since

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Since the payment on loan account is due monthly, although paid out semi-annually, we may suppose that the Railways are entitled to full and unfettered control over the monthly credit balance. At the most we might assume that the subsidy could be held over for one year. When the annual balance is struck the credit balance, including subsidy, must be at the disposition of the Railways, or of the Government, as the case may be. Therefore all demands on loan account having up to the present time been met out of the earnings alone, no failure to pay subsidy has wrought any prejudice, as no balance of subsidy deposit could now be retained by the Bank.

As to the future, that is another matter. The Railway Administration does not control the source of the subsidy but has done all it can to secure payment. The Railway Administration expects still to be able to meet out of earnings alone all demands on interest account, and therefore the question of the subsidy still falls short of being vital. In any case this argument against the Railways defeats itself. If the subsidy is not available, the more reason why we should handle with economy the funds that are available.

We beg that in consideration of your more or less fiduciary position towards not only your clients the Bondholders but toward the security also, you will give to the matter set forth above your earnest attention, and endeavour to meet us as far as possible by effecting such understandings and arrangements as shall prevent the waste of which we with all due deference complain.

We have the honour meanwhile to remain,

Your most obedient servants,

(Sd.) Lin Chi Mei } Directors.
" M. T. Liang. }

" C. W. Kinder.

10 - 1853 n1

No. 1.

Sir E. Satow to the Marquess of Lansdowne.—(Received February 13, 1904.)

(No. 436. Confidential.)

My Lord, *Peking, December 21, 1903.*

IT will be within your Lordship's recollection that whilst the Chinese Northern Railways were being administered in 1901 and 1902 by the British military authorities the latter advanced a claim to the interest earned on the unexpended balance of the loan, which was deposited with the Hong Kong and Shanghae Banking Corporation in London, and that the British and Chinese Corporation maintained in a letter to the Foreign Office, dated the 24th July, 1902, that they were entitled to retain the interest and add it to the capital.

As long as the Railway remained in the hands of the British military authorities, I felt bound to contest the point on their behalf, but the restoration of the Railway to the Chinese authorities having taken place in September 1902, my responsibility ceased, and I was not called on to reply to the arguments of the British and Chinese Corporation and its legal adviser.

I learn that the Chinese Administration has now renewed the claim made previously in its interest by the British military authorities, and I have been furnished with the inclosed copy of a letter recently addressed to the British and Chinese Corporation by the Directors of the Railway.

It has always been a matter of surprise to me that the Corporation should have set up this contention, in view of Article 16 of the Loan Agreement, which provides that the payment of the entire proceeds of the loan will be made in London to the order of the Administrator-General not later than the 31st March, 1899. From that date the proceeds belonged to him and were at his disposal, and any interest accruing on the whole or a part must likewise be at his disposal. But I have been told that the Administrator-General of that period, Chang Yi, did not possess the confidence of the Corporation and that the money was consequently not paid to his order, and that the Chinese have never objected.

Perhaps the Corporation are in possession of the written consent of the Administrator-General to their retention of the principal sum or the balance of it in their hands, but even then unless there were an agreement on his part that the interest should be added to capital, it is difficult to see on what ground this can be defended.

I have, &c.

(Signed) ERNEST SATOW.

Inclosure in No. 1.

Directors of Chinese Northern Railways to British and Chinese Corporation.

Sirs, *Tien-tsin, November 21, 1903.*

WE beg to bring to your attention and consideration certain questions that have at several times arisen between ourselves and your Financial Agents, the Hong Kong and Shanghae Banking Corporation at Tien-tsin. These questions involve interpretation of the Loan Agreement of 1898, and in particular of clause 8 thereof. Tha questions may be stated as follows :—

1st. Whether or not interest earned by the unexpended balance of loan funds in London shall be lodged to the credit of loan funds, or shall be available for the ordinary purposes of the Railways, or, in other words, considered as revenue.

2nd. Whether the Railways are by the terms of the Loan Agreement of 1898 under obligation to utilize in construction account the specific fund comprising the loan funds, or the unexpended balance thereof in London, and to remit to London, for payment of interest, the specific funds consisting of earnings deposited with the Tien-tsin Agent of the Hong Kong and Shanghae Banking Corporation on current account, without regard to banker's accounts and state of exchange?

Sir E. Satow. No 436 Confl. 21 Dec. 1903.

3rd. Whether or not the Hong Kong and Shanghae Banking Corporation is entitled to the use without interest of moneys received by it from the Railways for payment of interest in monthly instalments while awaiting the semi-annual interest payment made through its agency?

4th. Whether or not under the provision for payments by the Railways on interest account in monthly instalments the Hong Kong and Shanghae Banking Corporation is entitled to dictate the day of the month on which payment must be made?

If the position of the Bank on any of these questions were dictated by considerations for the better security of the bondholders within the strict terms of the Loan Agreement, we should not be so ready to object. We do not observe that in any of these cases the position taken by the Bank is in consideration of security, but with all due deference we submit that in each case the Bank has adopted that position which is the most remunerative to itself.

The argument addressed to us locally in defence of the position of the Bank on the second question is illustrative. Reference is made to clause 8 of the Loan Agreement, and the claim is made that the Railways are bound to a literal fulfilment of the said clause for the practical reason that thereby the Bank receives a benefit which it would miss if the Railways were permitted to use for London purposes funds in China.

We submit that the full consideration to be received by the Corporation and its constituent members for their part in floating the loan of 1898 was to be covered by the margin provided in clause 12 of the Agreement. For the continuing service of the Bank, clause 8 provides a specific remuneration—to wit, ¼ per cent. on the annual loan service. Nowhere in the Agreement is there any evidence that any further consideration should move from the Railways. Furthermore, and this point appears to us important, the Loan Agreement of 1898 was an Agreement between the Railways and the British and Chinese Corporation, and not an Agreement between the Railways and the Hong Kong and Shanghae Banking Corporation. Not being parties to the Agreement the Hong Kong and Shanghae Banking Corporation are not entitled to claim an interpretation in their particular favour, and without a reference to a benefit to accrue to the British and Chinese Corporation, as such. We therefore refer the matter to you as being with ourselves the only parties entitled to decide the question at issue.

With particular reference to each question we beg to say:—

1. The position understood to have been adopted by your good selves on the first question is, so we have been told, supported by opinion of counsel. We can understand that if the bald question was submitted to counsel as to the proper destination in accounts of interest accruing on capital balance, the answer might have been that such interest should be lodged to the credit of capital, such an answer depending upon the consideration that, as unexpended capital balance is liable for interest payable, it should, therefore, be credited with interest receivable. On the other hand, we are not able to understand how such an answer could have been given to the question stated in full detail as it exists between us at the present time. The unexpended balance of loan funds has never been charged with interest payable. The interest on the total amount of the loan has been paid, as provided by the Agreement, out of earnings of an existing line of railways. The situation is not that usual in the case of Railways under construction in England, but is that of a loan to a long-established line of Railways for purposes of extension. Had there been no such long-established line of railways with an earning capacity, as now demonstrated, sufficient to cover the service of the loan, but had the loan been made for the construction of a new and independent system which would have no income from earnings until completed, or, in other words, until the loan capital had been fully expended, we can understand that during the period of construction, when interest payable must be paid out of capital, interest receivable should be credited to capital. But, as we have shown above, this situation has never existed in the present case.

By a parity of reasoning to that upon which your counsel seems to have based his opinion, we may argue that as the interest of the whole loan has been paid out of earnings, the earnings account should receive the benefit of interest earned by unexpended balance of loan funds; or we may to the same end, but in different form, argue that that if interest accruing on unexpended balance of loan funds is to be lodged to the credit of the capital loan, then interest payable on so much of the loan as has not been utilized in construction should be debited to the same account.

2. As to the second question, we submit, with all due deference, that it is but the part of common sense and ordinary business prudence to pay debts with credits existing where the debts are payable. It is an obvious waste to transfer money in two directions at the same time. The British and Chinese Corporation, as such, has no interest

in insisting upon such double transfer and waste. We appeal to you in this connection for the reason that we assume the desire of the British and Chinese Corporation to be to safeguard the interests of its clients the bondholders by preventing wasteful operations as far as possible. Such a question would never have arisen had the construction of the extension lines not been interrupted for so long a time; there would have been in ordinary course no unexpended balance of loan funds remaining long enough to make the question one of serious import. Existing political conditions, however, tend to prolong the present situation, and we submit, therefore, that a discussion is not now out of place, and that an intelligent settlement of the matter should be arrived at between us. The Railways should not be required to suffer losses by the payment of useless bankers' commissions and by forced transfers at times of unfavourable exchange.

So long as the Railways meet all demands on account of interest and amortization, we submit that we should be free to utilize our credits to our own best advantage. The security of the bondholders for the proper expenditure of the loan funds lies in the provisions made for the checking of such expenditure by the foreign Chief Engineer and Chief Accountant. There is no other security for the fulfilment of this obligation of the Railways. The supervision provided for may be exercised quite as well over the current earnings account as over the account in London. All that the bondholders are interested in is that the total capital sum derived from the floating of the loan shall in due course be expended in the manner provided for by the Agreement or subsequent modifications of the same.

It is conceivable that the Railway Administration, or the Chinese Government, might have other credits abroad, and draw upon the same for the payment of the interest on the Railway loan. It is inconceivable that in such case your good selves would refuse to accept such payment, and would require that moneys abroad should first be paid in the Bank at Tien-tsin and then again be transferred abroad. We submit that the argument of the Bank in Tien-tsin, that its own interest in the transfer transactions requires the literal fulfilment of clause 8 by the Railways, might just as well be urged in favour of the plan of double transfer stated above as in favour of the plan of double transfer now in operation.

3. All we have to say on the subject of the third question is practically covered by the general remarks above as to the position taken by the Bank in Tien-tsin. The Loan Agreement is silent on the point. The local contention of the Bank is that the Bank is entitled to the use without interest of the moneys paid by the Railways on interest account in monthly instalments while in the hands of the Bank, as part of the consideration moving from the Railways on account of the floating of the loan. We submit again that the British and Chinese Corporation receive no benefit from the position taken by its agents on their own behalf; that the Railways have made no agreement with the Bank looking to the use by the Bank of any moneys that the Railways without payment of the usual interest; and that the Railways are justified in contending for usual banking interest on moneys on fixed deposit.

4. The fourth question is of minor importance. In some measure it is included in the third question, so far as by the Bank's requiring the monthly instalment to be paid on the 15th instead of the last day of the month; it thereby secures the use without interest of the moneys so paid for additional fifteen days per payment. For the rest this point involves merely a question of convenience. The Railways' receipts are treated according to a monthly account, and it is greatly to the convenience of the Railways to pay so large an item as the interest on the loan after each month's receipts have been returned.

For the purpose of countering questions raised by the Railways as above it has sometimes been suggested that the Railways were not entitled to raise any questions because they are not themselves fulfilling in detail other obligations of theirs provided for by the Loan Agreement. As a matter of convenience, up to the present time the Railways have withheld from the current account with the agent of the Hong Kong and Shanghae Banking Corporation at Tien-tsin sufficient currency to cover the monthly pay account, it having been considered by the Railways a waste of labour to cart 120,000 Mexican dollars from the Railways' strong room to the Bank, and then cart them back again and recount them on pay day of each month, but the Railways have now yielded to representations made by the agent of the Bank, and are prepared to resume the former inconvenient practice.

In the second and more important place, the Railway Administration has been reminded that the yearly subsidy of 50,000 taels each from four provinces provided for by clause 8 of the Agreement has not been maintained. As to this point, we beg to

submit that the failure of the Government to set apart the subsidy in the past has not in any wise prejudiced the Loan Agreement. It certainly cannot have been contemplated that the annual subsidy should remain again without interest, as the Hong Kong and Shanghae Banking Corporation might claim in the hands of the Bank from the beginning of the term of the loan until the present day, amounting by this time altogether to the sum of 1,000,000 taels, unused and unrequired, and merely as a cash security in addition to the mortgage on the Railways' property and earnings. The Agreement is silent as to the rights of the Railways over any surplus of earnings or subsidy after working and maintenance expenses and service of the loan have been met, but obviously it would not be claimed that on that account the right of the Railways over such surplus is in any wise impaired. Since the payment on loan account is due monthly, although paid out semi-annually, we may suppose that the Railways are entitled to full and unfettered control over the monthly credit balance. At the most we might assume that the subsidy could be held over for one year. When the annual balance is struck, the credit balance, including subsidy, must be at the disposition of the Railways or of the Government, as the case may be. Therefore all demands on loan account having up to the present time been met out of the earnings alone, no failure to pay subsidy has wrought any prejudice, as no balance of subsidy deposit could now be retained by the Bank.

As to the future, that is another matter. The Railway Administration does not control the source of the subsidy, but has done all it can to secure payment. The Railway Administration expects still to be able to meet out of earnings alone all demands on interest account, and therefore the question of the subsidy still falls short of being vital. In any case this argument against the Railways defeats itself. If the subsidy is not available, the more reason why we should handle with economy the funds that are available.

We beg that, in consideration of your more or less fiduciary position towards not only your clients the bondholders but toward the security also, you will give to the matter set forth above your earnest attention, and endeavour to meet us as far as possible by effecting such understandings and arrangements as shall prevent the waste of which we with all due deference complain.

We have, &c.

(Signed) LIN CHI MEI, M. T. LIANG, } *Directors.*
C. W. KINDER.

No. 2.

Sir E. Satow to the Marquess of Lansdowne.– (Received February 13, 1904.)

(No. 445.) *Peking, December* 30, 1903.

My Lord,

I HAVE the honour to inclose translation of a note from Prince Ch'ing, forwarding a set of railway Regulations which have recently been promulgated.

It may be doubted whether these Regulations are calculated to foster railway enterprise among Chinese, and they are almost certain to be disregarded in any arrangements for the construction of railways by foreigners which are now in process of negotiation or may hereafter be initiated.

Article 5 provides that foreign capitalists applying for a concession shall obtain sanction of the Foreign Board, the application being also referred to the Board of Commerce for an opinion.

Article 7, which provides that 30 per cent. of the shares of any Railway for which a concession is granted to foreigners must be reserved for Chinese subscribers, will probably be subject to modification in particular cases.

I propose, in acknowledging Prince Ch'ing's note, to reply that I have reported these Regulations to your Lordship.

I have, &c.

(Signed) ERNEST SATOW.

Inclosure 1 in No. 2.

Prince Ch'ing to Sir E. Satow.

(Translation.)

Your Excellency, *Peking, December* 18, 1903.

ON the 14th instant I had the honour to receive the following communication from the Board of Commerce :—

"On the 2nd December we had the honour to submit to the Throne in a Memorial a draft of the new Railway Regulations which have been drawn up by our Board, and on the same to receive a rescript 'Let it be as proposed.' It is our duty, therefore, reverently to transcribe the rescript, and to forward it with a copy of the Regulations to your Highness. We venture to hope that you will also communicate them to the Ministers of the various Powers at Peking."

In compliance with this request, it is my duty to forward to your Excellency a copy of the twenty-four terse and perspicuous Regulations for railways which have been drawn up by the above-mentioned Board.

I avail, &c.

Inclosure 2 in No. 2.

Railway Regulations drawn up by the Board of Commerce at Peking.

RAILWAYS and mines having been placed by Imperial Edict under the control of the Board of Commerce, the records in existence referring to lines the construction of which has been already commenced have been transferred from the late Department of Railways and Mines to the said Board, which will also decide whether the concessions for lines which have been applied for but not granted shall be sanctioned or not. With regard to mines, special Regulations on the subject will also be drawn up.

2. Whether the parties applying for a concession to build a railway be Chinese or foreigners, officials or merchants, they must all abide by the Regulations of the Board. Where there are points of difference between these Regulations and the former provincial Railway Regulations, it will not be permitted to quote the latter as a precedent. Should the Board have sanctioned the construction of a railway, the parties obtaining the concession must also comply in all respects with the Company laws to be drawn up by the Board.

3. Where the officials or merchants in any province have subscribed capital and applied for a concession to build either a trunk line or branch lines in any province whatever, they must submit to the Board a map showing the proposed route, and also an accurate statement of the amount of capital subscribed. The Board will then make inquiries of the local officials of whose districts the applicants are natives, to assure themselves that they are honest men, that the capital subscribed really exists, and that there is nothing in the application contrary to the Regulations; and, on receipt of their reply, the Board will decide whether to grant the application or not.

4. After the country through which any line has to pass has been surveyed, the local officials will issue Proclamations to let the people know that they must not wantonly raise opposition. The local officials will also arrange in an equitable manner the price of the land which the Railway Company has to purchase, but they are not to make the cost too high. Rent for land should be paid annually by the Company, and with as little delay as possible. Every attempt should be made in fixing the route to be followed by a railway to avoid houses and graves. If a *détour* is impossible, to prevent disputes or opposition the local officials will fix the removal expenses.

5. Should any Chinese merchants applying for a railway concession have supplemented their capital with foreign shares, their application in that case should not only be submitted to the Board for sanction, but also to the Wai-wu Pu for consideration. If foreign merchants should apply in their own name for a concession, their application should be submitted to the Wai-wu Pu for sanction, and to the Board to examine into and give an opinion. Whether foreign merchants themselves wish to build a line, or whether they only wish to take up shares in a Chinese Concession, it will be assumed that they recognize these Regulations, and will abide by them equally with the Chinese.

6. It is an essential point that the majority of the shares raised for any undertaking should be Chinese. If foreign shareholders have to be admitted, the total number of

shares held by them must not exceed the number held by Chinese shareholders. At the time the application is made, the exact number of foreign shares must be clearly stated, and there must be no suppression of the truth. Also, to prevent deception, beyond the number of shares originally allotted to foreign subscribers, no further foreign capital may be borrowed. If a concession is obtained by misrepresentation, and the truth is subsequently discovered, it will at once be cancelled.

7. If an application is made by foreign merchants to build a railway in any of the provinces of China, it is only fair that Chinese merchants and people should be allowed to have some share in the profits. Henceforward 30 per cent. of the shares, whatever their number may be, in any railway undertaking the concession for which is granted to foreign merchants, are to be reserved for Chinese subscribers, to be purchased by them at their convenience at par.

8. Whether it be a Chinese Company supplementing its capital with foreign shares, or a foreign Company in which there are Chinese shareholders, it will be the duty of the local officials to protect them without distinction, but they must not interfere with the rights of the Companies. In the event of any Company becoming insolvent, it must be dealt with in accordance with the Chinese laws on the subject. The Government will not pay its debts for it.

9. Any Chinese applying for a concession for a railway who invests capital of his own to the extent of 500,000 taels or over in the concern will, if the work is carried out successfully, be recommended by the Board to the Throne for high reward as an encouragement to himself and others. Any person able to collect Chinese capital to the extent of 500,000 taels or upwards will, on the completion of the railway, be rewarded in accordance with the Regulations drawn up by the Board for the administration of rewards as incentives.

10. Chinese who apply for a concession for a railway should first of all make an estimate of the probable cost of the whole line, so that the number of shares necessary may be fixed. But if, after the commencement of the work, owing to unexpected difficulties, the cost should prove greater than was estimated, and no further share capital can be raised, in that case the Company will be permitted to borrow foreign capital on the security of the machinery and buildings, but not of the land. The amount borrowed must not exceed at the most 30 per cent. of the original estimated capital, and the Board should be informed beforehand of the exact sum which it is proposed to raise. It should also be placed on record that the loan is being raised and will be paid back by the merchants concerned, and that the Chinese Government takes no responsibility. After the approval of the Board has been obtained, the negotiations for the loan may be commenced. A copy of the Loan Agreement should be deposited with the Board.

11. Should any Company, all the shareholders in which are Chinese, after completing the particular railway for which a concession was originally granted them, apply for permission to have their concession extended to another line, with the intention, however, owing to the exhaustion of their original capital, of raising foreign capital for the new line, it will be necessary for the Company to first of all submit their project to the Board, which will consider the circumstances and decide whether the application should be sanctioned or not.

12. Hereafter, should any Chinese subjects applying for a concession for a railway secretly enter into an agreement with foreign merchants for a loan on the security of the line, and, by concealing the fact from the Board, obtain the concession under false pretences, or should they, after the line has been commenced, secretly dispose of the work to other parties, in any such events as these, if the true state of affairs be discovered either by the Board or the High Provincial Authorities, not only will the line be confiscated and the concession cancelled, but the guilty parties will be punished according to the gravity of their offence.

13. All persons, whether Chinese subjects or not, to whom railway concessions are granted by the Board, are allowed six months from the date of ratification within which to survey the line, and, after the completion of the survey, six more months within which to start operations. The standard gauge of all lines is to be 4 ft. 8½ in. (English measurement)—that is, the same as that of the lines which are now in operation. The date on which work is to be commenced should be reported to the Board. If on the expiry of the limit of time allowed no such report has been sent in to the Board, the concession will be cancelled. This will prevent such evils as bogus companies being formed, or the raising of shares being made a cloak for other ventures. If, however, there should be genuine reasons for delay, such as could not be foreseen, notice should be given in advance to the Board, and if inquiry shows that no deception is intended, the application for an extension of time will be considered and granted.

14. If in any province in which railway operations are being carried on the land owners demand exorbitant prices for their land and hinder progress, or the workmen take advantage of their numbers to go on strike, in such cases the Company is at liberty to report the state of affairs to the local authorities, who will issue Proclamations to put a stop to such behaviour, and also give strict orders to their underlings to abstain from extortion and similar abuses. It should be generally known that railways, their object being to benefit trade and facilitate transport, are very necessary undertakings for the Government, and that if the local authorities fail to give them adequate protection, and either evade or disregard their responsibilities, they will, if such conduct be proved against them, be severely denounced to the Throne for punishment.

15. As there are few Chinese subjects at present who have the necessary knowledge either to survey a line or to estimate its probable cost, or to build it, the Companies may engage foreign engineers for the purpose. The latter must be carefully protected against all dangers by the local authorities, wherever they may happen to travel or reside. Should these foreign engineers misbehave themselves in any way, and set rules and regulations at defiance, the local officials may report them to the Company by whom they must be dismissed, and no indulgence is to be shown them, such as sending them to other lines to work. Where their offences are even more serious, a report may be sent to the Board, which will notify the Consuls of the various Powers of the facts, and the offenders will not be allowed to continue to reside in China.

16. Should an application for a concession for a railway be made either by a Chinese or a foreigner at the Yamen of a Viceroy or a Governor of a Province, it will be the duty of the official in question to make inquiries and find out whether the line applied for will be really beneficial to trade or not, and whether there is anything in the application contrary to these Regulations. He should then report the result of his investigations to the Board which will consider and decide what action should be taken.

17. Should a Company become involved in disputes with other parties, or have its rights in other ways infringed, the local authorities may, if the Company is a Chinese one, adjudicate in such cases so as to prevent either party from suffering any injury. If the judgment should not give satisfaction, the case may be referred to the Board for consideration. If a dispute should arise between Chinese and foreign merchants, each party should nominate a representative to discuss the case with the representative of the other side and come to some decision. If the two nominees cannot agree upon a decision, the parties should again select some thoroughly impartial man—it does not matter whether he is interested in the Company or not—to arbitrate fairly on the question. Under no circumstances are the Governments of either country involved to interfere.

18. Railways and mining matters are quite distinct from one another. There should be special Regulations for each, and they should be dealt with separately. An application for a Concession to build a railway must not necessarily imply that mines are included in it. In the past Railway Companies have had clauses in their Agreements giving them mining rights along the route of their lines, but hereafter such cases are not to be quoted as precedents. Should a case arise where, owing to the absence of any open coal mines in the neighbourhood of a railway and the difficulty and expense of transporting coal for its use to the locality in which it is situated, a Railway Company is in danger of becoming insolvent, it should in that case present a Petition asking for such mining rights to the Board, which will investigate the circumstances and either sanction or refuse the application. Once such an application has been refused by the Board, to avoid confusion it must not be renewed.

19. The late Department for Railways and Mines arranged a special form of register for the use of Companies. These registers will also be issued by the Board to all Companies, which must enter into it at the close of every year an account in the form required of all that has been accomplished by them in the previous twelve months. The register must then be forwarded to the Board to be examined and placed on record.

20. After the Concession for a railway has been ratified, the Company to whom it is granted may then draw up their Agreement. In it any points requiring more exhaustive treatment may be more fully enlarged upon as long as the additions do not infringe the Regulations. After the Agreement has been drawn up, a copy of it must be submitted to the Board for its consideration and approval. When the Board has sanctioned it, the Agreement may be signed. After the completion of any line, should it be necessary to set up Customs stations at any points on it for the collection of duties, the question will be discussed and arranged between the Board and the Board of Revenue.

21. In the event of hostilities breaking out, should the Chinese Government convey troops or military stores and equipments along any line, whether it be one conceded to

Chinese subjects or foreigners, they must be given precedence over other traffic, and the rates charged must be reduced by half.

22. If either during the construction of a line or after its completion, police are needed to keep order, a Company is permitted to hire one or two natives per *li* for the purpose, but the police are not to be permitted to carry arms. If troops are needed to protect the line, application for them must be made to the Board and to the high civil and military authorities of the province concerned, who will send whatever troops they think necessary. No Company is allowed to engage such troops of its own accord. Their cost is to be paid by the Company.

23. Railways and posts being a mutual support to one another, all railways are bound to carry the Imperial Chinese mails. When the time comes, detailed rules will be drawn up on the subject.

24. The above are in outline the general Regulations for the construction of railways. Additions on any points needing more exhaustive treatment will be made when the Agreement is being drawn up, after a Concession for any line has been ratified.

No. 3.

Sir E. Satow to the Marquess of Lansdowne.—(Received February 13, 1904.)

(No. 447.)

Peking, December 30, 1903.

My Lord,

IN continuation of my despatch to your Lordship, No. 428 of the 17th instant, I have the honour to transmit herewith a despatch from His Majesty's Consul-General at Shanghae, inclosing a Report of the further hearing of the "Supao" case in the Mixed Court on the 17th instant, when the defendants Lung-Chi-Chih and Ch'en-Chung-Yi were discharged, no evidence being produced against them.

Sir Pelham Warren states that the only point in connection with the case which still remains unsettled is the difference of opinion between the Magistrate and Assessor as to the sentence of the two convicted prisoners. He does, not, however, anticipate a serious deadlock, as he has no doubt that the Chinese authorities will sooner or later agree to Mr. Giles' proposition, pending which the two men will be treated as ordinary prisoners, and will suffer no injustice through their continued confinement in the gaol.

I have, &c.
(Signed) ERNEST SATOW.

Inclosure 1 in No. 3.

Consul-General Sir P. Warren to Sir E. Satow.

(No. 48.)

Shanghae, December 17, 1903.

Sir,

I HAVE the honour to inclose a copy of the report of proceedings, drawn up by Mr. Giles, of the hearing at the Mixed Court on the 16th instant of the charges against Lung Chi-chih and Ch'en-Chung-Yi, two of the accused in the "Supao" case, both of whom were discharged as no evidence was produced against them.

The only point remaining unsettled is the punishment to be inflicted on the prisoners Chang Ping-ling and Chou-yung.

The Magistrate insists on imprisonment for life in both cases, whilst the Assessor considers that three years' imprisonment with hard labour for Chang Ping-ling and two years for Chou-yung would be sufficient punishment for the offence of which they have been found guilty. Meantime, both prisoners remain in the Municipal gaol awaiting the determination of their sentence.

I think the case may be considered as practically settled, as doubtless the Chinese authorities will ultimately agree to the milder sentence, pending which the two men will be treated merely as ordinary prisoners, and no injustice will be done them by their continued confinement in the gaol.

The verbatim Report of the whole proceedings, extending over several days, is a very

lengthy document, and is not completed, but I hope to be able to forward it to you very shortly.

I have, &c.
(Signed) PELHAM L. WARREN.

Inclosure 2 in No. 3.

Mr. Giles to Consul-General Sir P. Warren.

Sir,

Shanghae, December 16, 1903.

WITH reference to my despatch of the 8th instant, I have the honour to report further on the proceedings in the "Supao" case.

On the 9th instant, not having heard from the Shanghae Magistrate in the mean time, I wrote to him and pointed out that the question as to whether Lung Chi-chih was to be tried in the Mixed Court admitted of no discussion; and that unless arrangements were speedily made to fix a date for the hearing, the man would have to be discharged. I also referred to the case of Ch'en Chung-yi, and explained that, as the charges against him had been withdrawn, he must be discharged unconditionally, and that I could under no circumstances assent to his being called upon to find security. On the 12th instant I received the Magistrate's reply, fixing Monday, the 14th, for the hearing of the charge against Lung Chi-chih, and requesting that Ch'en Chung-yi might also be brought up, in order that his case might be dealt with. I notified counsel for both parties to that effect; but received an answer from Messrs. Drummond and White-Cooper stating their instructions did not permit of their appearing on behalf of the prosecution.

On Monday I was prevented by pressure of business, and on Tuesday by indisposition, from hearing the case; and the two men were not finally brought up until this morning.

During a preliminary deliberation with the Magistrate, the latter informed me that he would consent to Ch'en Chung-yi being released unconditionally; and that Messrs. Drummond and White-Cooper had been instructed not to conduct the prosecution against Lung Chi-chih merely because, in the absence of any evidence, the charge had been withdrawn.

The Magistrate put a few questions to him in open Court, in order to obtain from him a formal statement that he was not guilty of the charges set forth in the indictment, and he was further required to sign a document to that effect; and the Magistrate publicly gave me an explicit assurance that the man would not be further molested. The two prisoners were then released.

Four out of the six originally charged have now been set at liberty; and the only point remaining unsettled is the length of sentence to be awarded to Chang Ping-ling and Chou Yung.

I have, &c.
(Signed) BERTRAM GILES.

No. 4.

Sir E. Satow to the Marquess of Lansdowne.—(Received February 13, 1904.)

(No. 449.)

Peking, December 30, 1903.

My Lord,

I HAVE the honour to transmit herewith to your Lordship a copy of a despatch from His Majesty's Consul at Newchwang, respecting a proposal made by the Russian Civil Administrator to rename some of the streets of that town, a proceeding which, Mr. Fulford points out, has the appearance of an attempt to induce the Consular body to recognize officially his right to manage the foreign quarter.

I have approved Mr. Fulford's reply to M. Grosse.

I have, &c.
(Signed) ERNEST SATOW.

Inclosure 1 in No. 4.

Consul Fulford to Sir E. Satow.

(No. 44.)

Newchwang, December 24, 1903.

Sir,

I HAVE the honour to inclose herewith copy of a letter, dated the 22nd instant, from the Russian Civil Administrator to me as Senior Consul, and of my reply, dated this day, on the subject of naming the principal streets of this town.

A meeting of the Consular Body was held yesterday, at which were present the Consuls for the United States and Japan, and the Vice-Consul for Germany and myself. We were unanimously of opinion that we ought to refuse to participate in any degree in Russian action in the matter.

The Russian Administrator is undertaking municipal improvements to a considerable extent, as I have already reported, at the expense of the Chinese inhabitants. They seem to indicate more than a temporary control of affairs, and the present application to the Consular Body bears an appearance of an attempt to induce us to recognize officially their right to manage the foreign quarter.

In any case we should object to the name of the first street, as it is the principal thoroughfare of the quarter, and has been associated for so long with the names of this Consulate and of British merchants.

I have, &c.

(Signed) H. E. FULFORD.

Inclosure 2 in No. 4.

M. Grosse to Consul Fulford.

Yingkow, December 22, 1903.

Sir,

FOR the convenience of the public, and in order to facilitate the duties of the police, it is proposed to draw up in the near future a detailed plan of this port, in connection with which it is considered advisable to number all the buildings in proper order, and to give the main public thoroughfares appropriate names.

In view of the above, I have the honour to request you to inform me whether there would be any objections on the part of the Consular Body to the following denominations:—

1. Alexeieff Street—the street leading through the East Gate, passing His Britannic Majesty's and United States' Consulates to the Chinese City.
2. Commercial Street—from the Civil Administration Offices passing the Newchwang Club.
3. Consular Square—between the buildings of the Imperial Maritime Customs and the Pond, opposite to the Chinese Hospital.
4. The Bund—the length of the river bank.

I have, &c.

(Signed) V. GROSSE.

Inclosure 3 in No. 4.

Consul Fulford to M. Grosse.

Newchwang, December 24, 1903.

Sir,

I HAVE the honour to acknowledge receipt of your letter of yesterday's date, on the subject of naming the principal streets of this town.

I am requested by the Consular Body to state that, in view of the provisional nature of the Russian Civil Administration, they do not feel justified in acquiescing in any way in any permanent changes in municipal affairs. They therefore regret that they must decline to express any opinion on the suitability of the names proposed.

I have, &c.

(Signed) H. E. FULFORD.

No. 5.

Chinese Central Railways to Foreign Office.—(Received February 13.)

My Lord,

110, *Cannon Street, London, February* 12, 1904.

REFERRING to the interview which was accorded by your Lordship to the members of my Board on the 6th instant, when the importance of constructing railways in the Province of Szechuan, in the Empire of China, in the interests of British enterprise, was considered and recognized, and that it was desirable to secure the right to make lines from Chunking, and perhaps from other points on the river Yangtse to Chentu, the capital of the Province of Szechuan, I have the honour to submit that, in the opinion of my Directors, an application should be made to the Chinese authorities in Peking for a grant conferring upon this Company powers to construct in the first place a line from Chunking to Chentu, and in the second place an exclusive right, within five years from the granting of the Chunking to Chentu Line permission, to begin the construction from other points on the river, or from the Chentu Line within the Province.

In consideration of possible financial difficulties in raising sufficient capital to meet the great cost of construction, my Directors consider it is desirable that the right should be granted to this Company to make in the first instance light lines of railway, the cost of which would be much less than the expenditure necessary to build the recognized standard railway, the right being conferred, however, to make such permanent standard way when circumstances warrant incurring the greater cost of the latter.

My Directors consider that the time has come when it should be regarded by China as desirable in granting new Concessions, or conferring upon Companies special powers for the construction of lines of railways, that these enterprises should be undertaken without the Chinese Imperial Government being required to guarantee interest or a dividend on the capital employed. This Company, therefore, favours an application for the necessary power to enable it, under reasonable protection, to undertake construction without any guarantee, the Government providing only the land for the railways on terms similar, in so far as possible, to those under which land is provided by the Government of India for railways constructed in India, and leasing it to the Company at an annual charge of a moderate character in perpetuity so long as the railway was in use. This arrangement for the land would overcome any question of alienation of land, and would secure the recognition of its being Government property. The Concession would provide for a participation in the profits of the railway by the Chinese Government, and reserve the right the Chinese Government of buying up the undertaking on terms to be hereafter specified.

The operating Company would be registered as British, and under the laws of Great Britain. There would necessarily have to be granted to the Company, by Charter or otherwise, conditions to enable the Company to carry out its objects, and to invest it with authority to deal with the railway as a security for obtaining money for the requirements of the line or lines.

I have, &c.

(Signed) THO. GILBERT, *Secretary.*

Any further communication on this subject should be addressed to—
The Under Secretary of State,
War Office,
London, S.W.,
and the following number quoted.

7842/1954. (F.1.a.)

War Office,
London, S.W.

22nd December, 1903.

Pressing

Sir,

Adverting to your letter of the 24th August last, in reference to the advance of £90,000 made from Army Funds to the North China Railways, I am directed by the Secretary of State for War to enquire whether Lord Lansdowne is now in a position to furnish any further information as to the date at which the repayment of that sum may be expected.

I am,

Sir,

Your obedient Servant,

Guy Fleetwood Wilson

Under Secretary of State,
Foreign Office.

No. 436
Dec 31 1903.

Chinese Northern Rly
and B. & C. Corpn.

War Office Dec. 22. 03.

179

Advance from Army Funds to the North China Railways.

We might tell the War Office that at the present time a scheme is before the Treasury as to the manner in which payment of the Railway indemnity claim is to be made when the indemnity bonds are signed, but that the signature of the Chinese Repts has

War Office
Received
22 December 1903
R 34
(Pol. 70 Aug 24/03)

Advance made from Army Funds to North China Railways
(and 70 provide any further information as to repayment?)

See memorandum

P.L.
Copy Treasury
Jan 2/04

2086 C. Dom.

has not yet been obtained to the bonds.

We might also tell them that the Railway claim has in the meantime been examined, and passed up to £437,000, including the advance of £90,000 which forms the subject of this letter.

Add that the British Delegate on the Banking Commission

Commission has been reserving from the sums paid half yearly by the Chinese Gov.t on account of the indemnity sufficient funds to pay interest on the Railway claim: that as it appears from a letter received from the Treasury (copies of which we should enclose) that it is not proposed to earmark the receipts from the Chinese indemnity as applicable

applicable to Expenditure provided for different Depts. of H. M. G., we have asked the Treasury what instructions should be issued to Sir E. Satow with regard to the received or due interest on the £ 90,000.

Send copies of this letter & our reply to the Treasury with ref.

JAL

Dpt. W.O.

Dec. 30

H. B. Brooke.

F.O. 181

Dec. 30 1903.

Dft.

War Office.

Pressing.

W.

Treasury
Nov. 24

Copy to Treas.
with W.O. Dec. 22

Sir,

I am directed by the Marquess of Lansdowne to acknowledge the receipt of your letter marked "Pressing" of the 22nd inst. asking, in reference to the advance of £90,000 made from Army Funds to the North China Railways, whether H.L. is now in a position to furnish any further information as to the date at which the repayment of that

sum may be expected.

At the present time a scheme is under the consideration of the Lords Commrs of H.M. Treasury as to the manner in which payment of the Railway indemnity claim is to be made when the indemnity bonds are signed; the signature of the Chinese Representative ~~on the Bankers Commission~~ has, however, not yet been obtained to the bonds.

In

In the meantime the claim of the Imperial Northern Railways Administration of China has been examined & passed up to £437,000, including the advance of £90,000 which forms the subject of your letter.

I am to add that the British Delegate on the Bankers Commission has been reserving from the ~~[illegible] paid~~ British share of the half-yearly payments made by the Chinese Govt on account of the indemnity sufficient funds to pay interest on the Railway claim, ~~& that~~ and consequently, on the £90,000 which

What forms part of that claim.

As however it appears from a letter received from the Treasury, of which a copy is inclosed, that it is not proposed to earmark the receipts from the Chinese indemnity as applicable to expenditure provided for by different Depts. of H.M. Govt.; a letter has been addressed to the Lords Commrs. enquiring what instructions should be issued to H.M. Minister at Peking with regard to the interest received & due on the sum of £90,000 referred

907 Ch. D.

War Office
Pensions
Encls.
F.O. Dec. 30. 1903.

Advance of £90,000 made from Army Funds to North China Rly.

Mr. Treasury Nov. 24 Who have been asked what instructions shld be sent to Peking with regard to interest received and due on £90,000.

P.L.
Copy Treasury
Jan. 2. 1904

Decypher Sir E Satow, Pekin S 5.20 R 2.30 Jan 5, 1904.
Tel No 2

Kinder telegraphs that a Russian officer came yesterday to Hsinmingting and stated that 100 Russian soldiers would shortly be stationed there.

PEKING,

9 January, 1904.

6.

My Lord,

In continuation of my telegram No. 2 of January 5th, in which I had the honour to report to Your Lordship the rumour that the Russians intended to station troops at Hsin-Ming-ting, the Northern terminus of the Chinese Imperial Railway, I have now the honour to report that I have received a further communication on the subject from Mr. Hillier.

Mr. Hillier sends me a note written by Mr. Cox, the British Engineer on the Northern section of the Chinese Railway, to Mr. Kinder, in which he informs him that on his visit to Hsin-Ming-ting on the 4th instant the local engineer reported to him that on the previous day a party of Russians entered the town. The officer called upon him and asked for information about the railway, including the number

The

Duke of Lansdowne, K. G.,

&c., &c., &c.,

Telegram from Sir E. Satow to Extraordinary Secretary of the Imperial Chinese Northern Railway.

Tel C
No 2.
Peking 9 Jan. 5 1904.

Russians at Hsinmingting. Mr Kinder reports its soldiers will shortly be stationed there.

Minister

Cypher sent to Director Gen's Intelligence Div (W.O.)

Running Cypher.

Summarising, I hereby make it the usual of the Machiko, in the Commission

2 Cl L

number of foreigners employed, saying that these particulars were wanted by General Dessino, the Russian Military Agent. The engineer replied that the extension to Hsin-Ming-ting was run by the Chinese.

The Russian officer mentioned incidentally that he was arranging for quarters for Russians, who were coming in about a week from Moukden, bringing their wives with them. He was unable to give their numbers, but he told the stationmaster that there would be from one to two hundred.

Mr. Cox also heard that the Russians had seized 400 carts without payment in the vicinity of Moukden and intended to utilize them for transport of ammunition "somewhere East".

I have the honour to be,

With the highest respect,

My Lord,

Your Lordship's most obedient,

humble Servant,

Ernest Satow

Sir E. Satow. Peking. F.O. 23 Jan: 11 p.m.

Yg. tel. No. 19 (of Jan: 25. Russian occupation of Hsin-min-ting

The Chinese Govt should make a formal protest.

Then also the expediency of sending an efficient force to guard the line.

Peking. 9 Jan.

Sir E. Satow.

No 6

Ref. To F.O. tel 2/04.

Recd. 29 Feb. 1904.

Hsin Min Ting station: Russian troops said to be about to occupy.

The latest reports are to the effect that there are still Russians at Hsin-min-ting.

It is the terminus of the Extension of the Extra-mural Railway and is in the territory west of the Liao-ho which

171. Ch. L.

which the Chinese evacuated on Oct. 8/02.

We are consulting the Intelligence Division with regard to Sir E. Satow's suggestion that the belligerents should be approached with a view to the neutralization of this territory, but it seems improbable that the Russians will agree to any such proposal.

H.Z.

Eng. Intelligence Div. Feb

most improbable

L

H. Montgomery

F.O. 187

Jan: 25: 1904.

Draft

British and Chinese Corporation.
3. Lombard Street
E. C.

Sir,

I am directed by the Marquess of Lansdowne to inform you that a telegram has been received from H. M. Min^r at Peking stating that Mr Kinder had communicated to him the contents of a telegraphic report which the latter had received from Mr Cox, Railway Engineer, to the effect that

Mr. E. Satow. Tel: No. 19. Jan. 23.
ditto. Tel: No. 22. Jan. 23/1904.
Mr. E. Satow. Tel: No. 21. Jan. 25

Mr. C. Secretary
Tel. 22
F.O. Jan 23, 1904
Russians at Kangyuhtze.

that fifty Russian Soldiers had arrived at Kaopangtzu Junction, between Kinchow and Ntsinminting on the extension of the Extra-mural line, and that the Chinese troops were hurriedly leaving that place. Mr Cox added that the Employés on the Ntsin-min-ting line

were also leaving, that the Tartar troops, ~~who are nominally guarding the line~~, are brigands, and that unless action were taken the line would be deserted.

Sir E. Satow was ~~on~~ instructed by Tel: to urge the Chinese Govt. to make a formal protest ~~against the action of the Russians in occupying Kaopangtzu~~, and to

send an efficient force to guard the line in place of the Tartar troops.

Sir Ernest reports that he has addressed a Note to the Foreign Board in the sense indicated.

He adds that it appears from later reports that the Russian soldiers came across country from Teshitchiao, the junction of the Port Arthur and Newchwang lines,

and

and that he has been informed by Hu, the Administrator General of Northern Railways, that they went on to Yi-chao and are supposed to be merely reconnoitring. Hu also stated that the Railway Guards were not being withdrawn, and that he had recommended that Yuan Shi-K'ai's troops should not retreat.

Decypher Sir E Satow Peking D 11 R 1.30 pm Jan 25. 1904

Tel No 21. Your tel no 22 [of Jan 23]
I am addressing a Note to Prince Ching in that sense.

It appears from later reports that Russians came across country from Tashihchiao, junction of Port Arthur and Newchwang Line.

He says that they went on to Yiichao and are supposed to be merely reconnoitring; that Railway Guards are not being withdrawn, and he has dissed against Yuan's ~~xxx~~ ~~xxx~~ troops retreating.

Pol & Chinese Corpdt
F.O. 25 January 1904

Russian Soldiers at Kuanghsiu Junction

Substance of Sir E Satow's tel. No ~~49 of 23 Jan. Repeated~~ ~~[illegible]~~ 19 of Jan. 23, & 21 of Jan. 25 & tel. to him no. 22 of Jan. 23.

67 A.D.

THE BRITISH AND CHINESE CORPORATION, LIMITED.

3, Lombard Street, London, E.C.

January 27th. 1904.

Francis A. Campbell Esq., C. B.

Foreign Office, S. W.

Sir,

IMPERIAL RAILWAYS OF NORTH CHINA.

We beg leave to acknowledge the receipt of and to thank you for your letter of the 25th. instant and the information therein contained.

The action taken by Sir E. Satow on the instructions of the Marquess of Lansdowne in order to secure the preservation of the Extra Mural Railway is noted by us with much satisfaction.

We are,

Sir,

Your most obedient Servants,

THE BRITISH AND CHINESE CORPORATION, LIMITED.

per. W. Keswick

Chairman.

Tel
No 21

Peking 25/Jan. 1904.
Rec 7.0. (Tel No 22 of Jan 23)

Russians at Kuchengtze.

Said to be only reconnoitering. Chinese have advised against Yuan's troops retreating.

Foreign to Inf: Dir. (4.0)

Dir. Ack to Letter to B. & C. Corporation

Draft
Jan 25: 04.
B.C.L.

The Mace
Kharpadar
Radnorshire.
29th January 1904

To
The Rt: Hon: The Marquis of Lansdowne
Principal Secretary of State for Foreign Affairs

Sir:

With reference to your Lordship's favour of the 20th October last, I shall be pleased to learn if any report has yet been received from His Majesty's Minister at Peking in compliance with your Lordship's instructions relative to my claim against the North China Railway Administration.

I should like to point out the fact that the ordinary Indemnity bond holders have now received 45% of their claims from the Chinese Government, so that the Railway Administration will be now nearly, if not fully, paid up & in which case my claim should be satisfied without further delay on the part of the Administration.

I am
Yours most obediently
A.B. Boyle.

Foreign Office
R 27 JAN 1904
R 28 JAN 1904
Pol: 10 JAN 1904

Imperial Railways of China
Acknowledge 10 Jan 1904
Printed & action taken
Letter Mining Railway

114 C.D.

H. Montgomery

F.O.

193

Feb: 5: 1904.

Draft.

Mr A. B. Hoyle.
The Maes.
Rhayader.
Radnorshire.

(Sir E. Satow.
No. 433. 17. Dec. 1903.)

Sir,

I am directed by the M. of L. to acknowledge the receipt of your letter of the 29th ult: in which you enquire whether any report has been received from H. M. Min.r at Peking relative to your claim against the North China Railways Administration,

I am to inform you that H. L. has received

Mr. A.B. Hoyle

D 29
R 30 January 1904

(Ref F.O. 20 Oct/03)

Claim agst North China Railway Admin.n :-

Ordinary Indemnity Bondholders have rec.d 75% of claims from Govt. Admin.n shd be paid up & in position to settle his claim.

Qy. Reply that no answer has yet been received. (There has hardly been time) and explain that

126 Ch D. -

that ~~the bonds in which~~ claim has not been paid as the ~~the Railway Claim is to be~~ bonds in wh. payment will be made ~~paid~~ have not yet been issued; and that the claimants to whom he refers have not been paid in bonds.

Add that the interest on the part of the Railway Claim (which has been passed) has lately been paid and suggest that he should communicate direct with the Rly. Administration as to the prospect of an early settlement of his claim.

F.H.V. &c.

Feb

See minute on Satow's Desp. No. 433.

Draft Mr Hoyle
Feb. 04.

received a desp: from Sir E. Satow stating that your name stands in the Railways Administration claim for 7½ months half pay at £18. 15. 0, making £ 18. 15. 0
a total of £131. 5. 0, £ 131. 5. 0.
~~and pointing out~~, with reference to your claim for balance due on the passage money, Sir E. Satow points out that you received T.500 Taels 500
from the Administration for your passage home,

and that no larger sum was paid by them to any ~~body other~~ of their officials.

The Railway Administration Claim has not yet been paid as the bonds in wh: payment is to be made have not yet been issued. The payments of the claimants to whom you refer in your letter have not been made in bonds.

I am to add that the interest on the part of the Railway Claim which has been

been passed has lately been paid, and I am to suggest that you should communicate direct with the Railways' Administration as to the prospect of an early settlement of your claim.

Feb

Draft
Mr A B. Hayle
F.O. 5 February 1904
(Rec'd 29 Jan/04)
Claim against North China Railways Admin:- Sub
Sir C Scott 4.33 of 17 Dec/03.
Suggests communicating direct with Admin:

100 cir.

THE BRITISH AND CHINESE CORPORATION, LIMITED.

3, Lombard Street, London, E.C.

February 8th. 1904.

Francis A. Campbell Esq., C. B.
Foreign Office, S. W.

Sir,

IMPERIAL RAILWAYS OF NORTH CHINA.

INDEMNITY CLAIM.

We beg leave to hand you herewith a copy of a letter dated Tientsin, December 23rd. 1903 which we have received from the Chinese Directors of the Northern Railway.

The Chinese Directors are not satisfied with the information which they have received from the British Delegate on the Chinese Indemnity Commission and request us to obtain full information for them from H. M. Foreign Office.

We are at a loss to understand why this dissatisfaction should exist, but as the feeling does obtain and it is most desirable that it should be set at rest, we beg leave to prefer the request that the Marquess of Lansdowne will be so good as to authorise a statement to be furnished to us which we can forward to the Chinese Directors of the Railway in reply to their appeal, through us, to H. M. Foreign Office.

The particulars required seem to be:-

The amount of the Award.

In what form, and when is payment to be made.

Whether it is in full or on account.

How it is made up and does it include the claims of Employes and of the British and

2 - 1493 C.1

2.

Chinese Corporation in respect of telegrams and damage at Nanpiao.

What are the prospects of the amount being handed over to the Railway Co. either in whole or part.

We are,

Sir,

Your obedient Servants,

THE BRITISH AND CHINESE CORPORATION, LIMITED.

per.

W. McEwen

Chairman.

IMPERIAL RAILWAYS OF NORTH CHINA.

Tientsin.

December 23rd, 1903.

To the Board of

The British & Chinese Corporation, Limited.

3, Lombard Street, London, E. C.

Gentlemen:-

We have just been informed by Mr. Bevis, the British Delegate on the Chinese Indemnity Commission, that a sum of £437,000 has been awarded to the Railways as their Indemnity Claim. It is not stated whether this sum is in full settlement or only to account, nor is it understood if this sum includes the claims of employees and of the British & Chinese Corporation for Nanpiao etc. We shall be very much obliged if you will kindly obtain full information for us on this point from the Foreign Office. At the same time we shall be glad if you will kindly use your influence to obtain the whole or a part of the award being paid over to us as soon as possible.

Mr. Cousins will, no doubt, have already explained to you how necessary it is for us to have this money, representing the cost of reconstruction, which, with the exception of £90,000 from the British Government, has all come out of earnings.

Yours faithfully,

Signed by { LIN CHI MEI and M. T. LIANG. } Directors.

British and Chinese Corpt.

Feb: 8. 04.

198

North China Railways Indemnity Claim.

Our Despatch to Sir E. Satow No. 370 of Dec: 4. 03 shows the present position of this claim.

Shortly stated the claim was for £452,836 .. 13 .. 9. Items amounting to £436,912 .. 8 .. 11 have been passed, and authority has been given for the payment out of the indemnity

indemnity funds in the hands of the British Delegate or the Bankers' Commn. of interest on that sum less the £90,000 advanced to the Administration from British Army Funds.

With regard to the Balance there are some small points in connection with the claims for compensation of the Administration's Employees which Sir E. Satow has been requested to settle in communication

with

with the Administration, and there are also the questions of 1. the Telegram account and 2. the Kangpiao Mines to which the B. and C. Corporation call special attention.

The Telegram account included telegrams sent from London as early as April '99 which could have had nothing to do with the Boxer outrages and the Administration will have to pay in an amended account.

The claim for losses in connection

with

with the Pampian Mines is apparently an attempt to go behind the ~~decision~~ award of the British Claims Comm.

As to the form in which the payment is to be made we can only say that the payment will be made in bonds and the B. & C. Corporation can inform the Administrator that the issue of the bonds cannot take place owing to the delay of the Chilean Govt. in signing the fractional bonds.

Further

Further than that we cannot go as we have never been able to get an answer from the Treasury with regard to the scheme which Mr. Stillier proposed for the payment of the claim. They possibly think that until the fractional bonds are signed the matter does not press. The delay in the issue of the

the bonds is based on the Administration and the British Bondholders but we are not responsible for it.

Q.[4] Give B. & C. Corporation substance of No. 370 to Sir E. Satow, and add as above with regard to the payment of the Claim.

Yes. But the Bondholders have not suffered so far in the least, as their coupons have been paid in full the whole time, even when the Rly was earning nothing.

Feb 16/2/04

Dft.
B. & C. Corp.
Feb. 23/04

H. S. Brooke.

F.O. 202

Feb. 23, 1904

Dft.

Sir E. Satow

No. 50

W.

Sir,

I have received your desp. No. 436 Conf. of Dec. 21st last, enclosing a copy of a letter addressed to the British & Chinese Corporation by the Directors of the Chinese Northern Railways advancing a claim to the interest earned on the unexpended balance of the loan funds in London.

I request that you will furnish me with

a

a copy of the reply of the Corporation, should it be communicated to you.

Draft
Mr B. Lister
No 50
F.O. February 23 1904
(Ref his W.R. Dec 28/03)

Chinese Northern Railways.
Sends copy of reply of the Chinese Corporation to claim of Railways to interest on unexpended balance of loan funds in London.

Mr Cabiles

H.B. Brooke.

203

Feb. 23 1904.

Dft.

Brit. & Chinese Corporation
3 Lombard St.
E.C.

Sir,

I am directed by the Marquess of Lansdowne to ack. the receipt of your letter of the 8th inst., inclosing a copy of a letter from ~~Tientsin~~, ~~from which it appears that~~ the Chinese Directors of the Imperial Railways of N. China ~~Northern Railway~~ requesting full ~~desire further~~ information as to the indemnity claim of ~~entitled to~~ the Railways Administration on account of losses sustained in consequence of the Boxer disturbances of 1900.

I am to inform you

Print (China)

Treasury.

2 - 1853 3/1

for that the total amount of the claim put forward was £452,836. 13. 9, & that, after examination of the accounts & vouchers, items amounting to ~~as~~ £436,912. 8. 11 were passed, & authority has been given for the payment out of the indemnity funds in the hands of the British Delegate on the Bankers' Commission, of interest on that amount less £90000, the sum advanced from British Army Funds for repairs on the railway while it was under British administration.

With

With regard to the balance, there are some small points in connection with the claims for compensation of the employees of the Administration which H.M. Minister at Peking has been requested to settle in communication with the Administration.

~~With regard to the~~

As special mention is made in your letter of the B. C. Corporation's

claims for (1) ~~Moore & Jardine & Matheson's~~ expenditure on telegrams, & (2) in respect of the Naupiao Mines, I am to furnish you with the following information:—

(1.) ~~From the report furnished to this Office~~ When the accounts for telegrams were examined it appeared that the claim included

included an item of £1,111. 17. 3. ~~—~~ for ~~account of~~ tels. ~~paid by your~~ Corporation ~~received & sent~~ previous to the Boxer outbreak, & from your letter of July 7th a statement appears to have been submitted which comprised tels. sent from London commencing April 1899. Sir E. Satow ~~was~~ has been informed that such a claim might be a good one as against the Chinese Govt, but that it was not understood how telegrams sent previous to the outbreak could be

be included in the Indemnity Claim. ~~as to be submitted~~.

He ~~was~~ has therefore been instructed to inform the Administration that no tels. should be charged for except those which were rendered necessary by the disturbances, and an amended account will no doubt be submitted by the administration.

(2.) With regard to the question of losses at Nanpiao, H.M. Chargé d'Affaires at Peking was originally informed that H.M.G. might perhaps pass the claim put forward for £8,980, 1. 5. if the Ry. Administration were

were able to prove that the facts brought to light since ~~Mr. Wilkinson's~~ the ~~of the British Claims Commissioner~~ award, showed a greater destruction of plant than ~~they~~ the Corporation were aware of when the claim was sent to ~~that~~ Mr. Wilkinson ~~for their award~~. This does not, however, appear to be the case, & Mr. May, the Mining Engineer in charge of the mines, ~~has~~ estimated the amount of extra direct damages (for which compensation had not been received) at £100.

The hope was expressed that,

that, in view of the indirect losses arising out of the troubles of 1900 being considerable, H.M.G. would give further consideration to your request that the claim mentioned might be allowed as compensation for three years enforced cessation of work.

Compensation for such indirect losses, had they been

~~Such a claim~~ should, ~~however,~~ ~~properly have~~ been included in ~~Mr.~~ the claim laid before Mr. Wilkinson ~~award if the claim was legitimate but it~~ would ~~presumably~~ doubtless have been disallowed as consequential damages.

H.M.G. were therefore obliged to inform Sir E.

E. Satow that, with the exception of the £100 estimated for extra direct damages, the claim put forward for £8,980. 1. 5. must be disallowed. In reply to the inquiry as to the form in which payment of the Award is to be made, I am to state that payment will be made in bonds, & to suggest that you should inform the Administration that the delay in the issue of the negotiable bonds cannot take place owing to the delay of the Chinese Govt in signing the fractional bonds.

is not due to any neglect on the part of H.M.G., but to the refusal of the Chinese Govt to recognize that the debt to the Powers is a gold debt and to the signature of their Representative to the fractional bonds being withheld.

The Rt. of the Powers are still endeavouring to find a solution of the difficulty. FLG

4 - 1853 Zs

No. 1.

Foreign Office to British and Chinese Corporation.

Sir, *Foreign Office, February* 23, 1904.

I AM directed by the Marquess of Lansdowne to acknowledge the receipt of your letter of the 8th instant, inclosing a copy of a letter from the Chinese Directors of the Imperial Railways of North China, requesting full information as to the indemnity claim of the Railway Administration on account of losses sustained in consequence of the Boxer disturbances of 1900.

I am to inform you that the total amount of the claim put forward was 452,836*l.* 13*s.* 9*d.*, and that, after examination of the accounts and vouchers, items amounting to 436,912*l.* 8*s.* 11*d.* were passed, and authority has been given for the payment out of the indemnity funds in the hands of the British Delegate on the Bankers' Commission of interest on that amount, less 90,000*l.*, the sum advanced from British army funds for repairs on the railway while it was under British administration.

With regard to the balance, there are some small points in connection with the claims for compensation of the employés of the Administration which His Majesty's Minister at Peking has been requested to settle in communication with the Administration.

As special mention is made in your letter of the British and Chinese Corporation's claims for (1) expenditure on telegrams, and (2) in respect of the Nanpiao Mines, I am to furnish you with the following information:—

1. When the account for telegrams was examined, it appeared that the claim included an item of 1,111*l.* 17*s.* 3*d.* for telegrams sent previous to the Boxer outbreak, and from your letter of the 7th July a statement appears to have been submitted which comprised telegrams sent from London commencing April 1899. Sir E. Satow has been informed that such a claim might be a good one as against the Chinese Government, but that it was not understood how telegrams sent previous to the outbreak could be included in the indemnity claim. He has therefore been instructed to inform the Administration that no telegrams should be charged for except those which were rendered necessary by the disturbances, and an amended account will no doubt be submitted by the Administration.

2. With regard to the question of losses at Nanpiao, His Majesty's Chargé d'Affaires at Peking was originally informed that His Majesty's Government might, perhaps, pass the claim put forward for 8,980*l.* 1*s.* 5*d.* if the Railway Administration were able to prove that the facts brought to light since the Award of the British Claims Commissioner showed a greater destruction of plant than the Corporation were aware of when the claim was sent to Mr. Wilkinson. This does not, however, appear to be the case, and Mr. May, the boring engineer in charge of the mines, estimated the amount of extra direct damages (for which compensation had not been received) at 100*l.*

The hope was expressed that, in view of the indirect losses arising out of the troubles of 1900 being considerable, His Majesty's Government would give further consideration to your request that the claim mentioned might be allowed as compensation for three years' enforced cessation of work. Compensation for such indirect losses, had they been included in the claim laid before Mr. Wilkinson, would doubtless have been disallowed as consequential damages.

His Majesty's Government were, therefore, obliged to inform Sir E. Satow that, with the exception of the 100*l.* estimated for extra direct damages, the claim put forward for 8,980*l.* 1*s.* 5*d.* must be disallowed.

In reply to the inquiry as to the form in which payment of the Award is to be made, I am to state that payment will be made in bonds, and to suggest that you should inform the Administration that the delay in the issue of negotiable bonds is not due to any neglect on the part of His Majesty's Government, but to the refusal

Ch. Chinese Corporation

F.O. 23 February 1904

(Rec'd Thurs 8 Feb/04)

Railways Admin. re Indemnity Claims:— Gives information in numbered points as requested

Print (China)

Treasury

158 Ch.D.

of the Chinese Government to recognize that their debt to the Powers is a gold debt, and to the signature of their Representative to the fractional bonds being withheld.

The Representatives of the Powers at Peking are still endeavouring to find a solution of the difficulty.

I am, &c.
(Signed) F. A. CAMPBELL.

THE BRITISH AND CHINESE CORPORATION, LIMITED.

2, Lombard Street, London, E.C.

February 24th. 1904.

Francis A. Campbell Esq., C. B.,
Foreign Office, S. W.

Sir,

We beg leave to acknowledge the receipt of and to thank you for your letter of yesterday's date in reply to our request dated the 8th. instant on behalf of the Chinese Directors of the Railway for information as to the Indemnity Claim of the Railway Administration on account of losses sustained in consequence of the Boxer disturbance of 1900.

We propose to send to the Directors of the Railway for their satisfaction a copy of our letter to you of the 8th. instant and of your reply herein acknowledged, which you have made to us by direction of Lord Lansdowne.

In sending the correspondence to the Chinese we propose to state that from a perusal of your letter they will see:-

1. That the award is for £436,912. 8. 11.

2. That it includes £90,000 for H. M. Government and £100 for damage at Nanpiao.

3. That it does not include the claim of the British and Chinese Corporation for telegrams.

4. That it is final with the exception of some small points in connection with claims for compensation of employes which H. M. Minister has been requested to settle in

communication with the Administration.

5. That payment will be made in Bonds and that the delay in issuing the Bonds is attributable to the refusal of the Chinese Government to recognize that their debt to the Powers is a gold debt.

We shall feel obliged if you will ascertain and inform us whether the course we propose to adopt meets with Lord Lansdowne's approval. We shall further feel obliged if you will inform us whether we have correctly summarized the contents of your letter in the five statements we propose to make to the Chinese Railway Directors.

We are,

Sir,

Your obedient Servants,

THE BRITISH AND CHINESE CORPORATION, LIMITED.

per.

W. Mackrell

Chairman.

THE BRITISH AND CHINESE CORPORATION, LIMITED.

2, Lombard Street, London, E.C.

February 25th. 1904.

Francis A. Campbell Esq., C. B.

Foreign Office, S. W.

Sir,

NORTHERN RAILWAYS OF CHINA.

We have today received from Tientsin a telegram in the following terms:-

"Imperial Chinese Railway enquire respecting the attitude "of the British and Chinese Corporation in the event of "Russia Japan seizing the outside wall railway."

We beg leave to request that you will submit this telegram to the Marquess of Lansdowne for his information and for any expression of his views with which he may be willing to favour us.

We are,

Sir,

Your obedient Servants,

THE BRITISH AND CHINESE CORPORATION, LIMITED.

per. A. N. Fraser

Secretary.

British & Chinese Corporation.

D. 24. Feb. 1904
R. 25.

(Ref: F.O. M. 23. 1904.)

Northern Railways Indemnity Claim. Proposes to issue to Chinese Government stock in lieu of bonds in F.O. letter - Engineers & Surveyors is correct.

Q. Supply that the amounts appear to be correct - except as to the F.F. Distinct.

The F.F. Stock including in future & accounts should be added & find the it does not include any amount claim which may eventually be preferred and forward for telegram (2) any claim for the Pangpo Bridge. (3) Just if the claims for compensation of Surveyors are to be left for settlement between Sir E. Satow and the Administration;

If these points are made clear we have no objection to the proposed communication to the Administration.

Notes is correct as to (1) Pangpo bridge. (2) Surveyors. Is it not correct to say that they are to be included in the £436,912?

FAC. 26/2

No it is in addition to the sum of £436,912 forwarded by Mr. O'Neill. (See draft letter E. dated No. 370 of 1902.)

Regrets as proposed

FAC

D.U.C.
D. E. C. Cork.

Urgent. 5/4
P.L. 19 Mar. 8/04.
Copy to Treasury with Sep 4.

3-4. C.A.D.

H. B. Brooke.

F.O. 212.

March 5th, 1904

Draft.

British & Chinese Corporation.

3 Lombard St.

E.C.

Sir,

I am directed by the Marquess of Lansdowne to acknowledge the receipt of your letter of the 24th ult., respg. the reply which you propose to return to the inquiry of the Chinese Directors with regard to the Indemnity Claim of the Railway Administration on account of losses sustained in consequence of

Copy Peking with their letter of Feb 24th

Chinese Railways.

Will Prince Ito be the Administrator of the British Corporation in case of the Chinese Government taking over the Railways?

R 25 Feb. 1904.

R 26

The Viceroy of Chihli asked Sir E. Satow what Mr. Ito would do if he were called upon to be responsible for the Chinese Government.

Our answer after consulting Sir Ernest Satow.

335 C.L.D.

Lattimore. Foreign Office has not our action

Mr. Ito depend on attendant circs which ~~may~~ ~~cause~~ Cannot be foreseen. We have seen Mr. Walley & informed Mr. Ito. Answer is a question in the H. of C. which Mr. H. G. has taken. H.M.G. have taken no steps to safeguard the line, but it is a Chinese concession.

Grounds and troops.

Q. Reply that H.M.G. can express no opinion with regard to this hypothetical case. Cannot be assumed would have to be taken off the attendant circs which Cannot be foreseen.

Dft. to B. & C. Corp. March 1904

of the Boxer disturbances of 1900.

I am to inform you that the award of £436,912. 8. 11. does not include:—

1.) Any amended claim which may eventually be presented & passed for telegrams.

2.) Any claim for damage to the Nanpiao Mines. H. M. Minister at Peking was informed that H.M.G. would allow the sum of £100 which had been estimated by the boring engineer as extra direct damages since the original claim was presented to the British Claims Commn.

3.) Such of the claims for the compensation of employés as have been left for settlement between Hon. Minister & the Ry. Administration.

Subject to these points being made clear, Lord Lansdowne ~~has no~~ considers ~~objection to the~~ that the proposed communication to the Chinese Directors is an accurate statement of the ~~case~~ question as it now stands.

Fab

H. B. Brooke.

FOREIGN OFFICE,
March 7, 1904.

Draft.

British and Chinese Corporation,
3, Lombard Street,
E. C.

Sir:-

I am directed by the Marquess of Lansdowne to acknowledge the receipt of your letter of the 25th ultimo communicating an enquiry from the Imperial Chinese Railway respecting the attitude of the British and Chinese Corporation in the event of Russia or Japan seizing the extramural portion of the Northern Railways of China.

I am to inform you that His Majesty's Government ~~can express~~ no opinion ~~unless this case should~~ until the case contemplated by the R. Admin. actually arise, as account would have to be taken of the attendant circumstances which cannot be foreseen.

do not feel that they can respectfully express any opinion as to the attitude which the B. & C. might adopt in an event which has not yet arisen and the effect which the effect cannot at present be foreseen.

Draft
British Chinese Corporation
P.O. March 4 1904
(Mf their 25th ult)

Indemnity claim of Railway Administration. Certain points which should be made clear in their reply to inquiry of Chinese Directors

P.L. No. 79 March 8/04
Copy to Treasury, with their letter of 7th inst.

241 C.D.

PEKING,

14 March, 1904.

No. 87.

My Lord,

I have the honour to acknowledge receipt of Your Lordship's despatch No. 364 of December 1st last, instructing me to obtain particulars of the levy of likin duties on goods transported by the Extramural portion of the Chinese Northern Railways, and to make a strong representation to the Chinese Government should it be proved that the deficit in the revenues is due to the likin charged at Moukden.

The enclosed copies of documents which have been furnished to me confidentially show what these charges amount to.

But since I wrote my despatch No. 342 of December 1st the receipts of the extramural sections have increased very considerably. From Mr. J. Boyce-Kup, the representative of the British and Chinese Corporation on the Board of Directors I learn that the receipts for January last were $180,610, of which 50%

The

Marquess of Lansdowne, K. G.,

&c., &c., &c.

British and Chinese Corporation

F.O. March 7, 1904.

(Ref. China of 25th Feb.)

Attitude of British and Chinese Corporation in the event of Russia or Japan seizing the extramural portion of the Northern Railways of China

Law express no opinion

248 Ch. D.

50% may be deducted for running expenses. This increase is due to three factors; 1, merchandize from Hsin-min-tun owing to the closing of the Liao River by frost; 2, extra despatch of goods by Chinese endeavouring to dispose of stocks before the Chinese New Year, and 3, increased despatch of goods in anticipation of the war. The likin charges have not been reduced; on the contrary the transport of Salt from Taku to Hsin-min-tun, which was a new and promising traffic, has been entirely stopped by the recent imposition of a treble tax on that commodity by the Tartar-General of Moukden.

I have taken every opportunity that has presented itself of urging on Hu Yü-fen for months past the desirability of getting the heavy likin dues on the railway reduced, but without effect. The chief Administrator of the Chinese Northern Railways, who is the Viceroy of Chihli, and the Tartar-General of Moukden naturally do not see eye to eye with respect to the interests of a railway which is controlled and guarded by the one in territory under the jurisdiction of the other, and the authority of the Central

Government

Government over the Tartar-General is much diminished by the fact of the Russian occupation. At the present moment, owing to the outbreak of war, the transport of goods has almost entirely ceased, but Hu Yü-fen stated to me a few days ago that the receipts from passenger traffic had recently been as much as $7500 a day, earned in transporting fugitive Chinese from Manchuria who are seeking safety within the Great Wall.

Under present circumstances I do not feel any assurance that the Chinese Government will see the necessity of giving orders to the Tartar-General to abate the evil, but in order to leave them no excuse for not acting, I have addressed to Prince Ch'ing a Note of which I have the honour to enclose a copy.

I have the honour to be,

With the highest respect,

My Lord,

Your Lordship's most obedient,

humble Servant,

Ernest Satow.

P.S. Since writing the above I have received a note from Prince Ch'ing stating that an enquiry has been ordered with a view to a satisfactory arrangement. I have the honour to enclose a copy.

Memo. by Mr. A. G. Cox

Transport Taxes between Yingkow and Kou Pang Tzu.

There are no published rates and rules for transport taxes that I have been able to get. But from inquiries among the merchants it is evident that taxes have been imposed since the Russians left in October 1902 which were not in force previous to 1900. As far as I have been able to extract information, they are as follows:-

At Yingkow almost opposite the Native Customs Station there is a Likin Office, where "Ba Li Chuan Chu" amounting to decimal eight per cent is levied, and a "Kuo Lu Hsin Chuan" of one per cent said to be due for passing Shuang Tai Tzu (now abolished).

At Kou Pang Tzu there is a "Kuo Lu Hsin Chuan" of one per cent, also "Te Cheng Chuan Chu" of varying rates said to average two per cent on goods and about half per cent on grain. Also "Hu Pu Ta Shui" which is levied on goods by weight, 100 catties for forty cents, and a grain tax of about half per cent (20,000 local cash per 80 tan grain).

These taxes appear to amount to at least 5% on goods and less on grain. But in addition to this the underlings at the offices have to be fed, and the weight is sometimes over-estimated so that the actual cost will not be less than 6%, and there is endless worry and delay in getting the goods through.

The "Hu Pu Ta Shui" at Kou Pang Tzu is said to be a gross swindle, and really a Shan Hai Kuan tax which they have no business to levy here at all. They levy it again at Shan Hai Kuan.

These taxes are levied only on railway traffic, presumably because it is easy and cheap to collect, whereas road traffic is expensive and difficult to collect.

The result is that trade is being strangled which might develop greatly with the help of railway transport.

Directors of Northern Railway

to Viceroy Yuan Shih-k'ai.

(Undated).

The writers refer to a previous representation on the subject of the heavy likin duties levied by the Tartar-General at Moukden on rail borne goods, in reply to which the Viceroy promised to address the Tartar General and communicate the result to the writers. A year has, however, elapsed without the promised communication having been received, and meantime the revenue of the line has steadily decreased.

They have now received a letter from the station master at Hsin Min Fu, informing them that sixteen business firms at that place have sent in a petition to the effect that a General Railway Likin Office has been established at Hin Min Fu for the sole purpose of collecting likin on rail borne goods of all kinds. On bristles the tax on a twenty ton carload of 240 bales is $ 87 (eighty seven dollars) odd. On grain and small wheat the tax is twelve dollars odd on a twenty ton carload of two hundred bales. On salt it is sixteen dollars odd on a twenty ton carload of two hundred bags. For all goods there has been a new tariff established. The petitioners pay duty as before at Koupangtzu on goods coming to and from Hsin Min Fu, and also the charges known as tou cheng (i.e. measure and weight dues). The burden of these was already very heavy, but now that this additional office has been established at Hsin Min Fu levying duties even larger than those collected at Koupangtzu, it is beyond their power to bear. They therefore propose in future to use the road in preference to the railway to save expense. They send a copy of the Hsin Min Fu tariff.

The station master begs to point ou that the cost price of the merchandise conveyed by these traders is very small, and that the duties they already pay, with the addition of the new taxes at Hsin Min Fu almost equal the whole value of the goods. Prior to the opening of the line goods were carried by cart, and there was no likin levied. If the merchants revert to that mode of transport on account of the heavy charges on goods carried by rail, the loss

1 in Sir G. Salour No 87.

14 Mar. 1904.

to the revenue of the line will be very serious, and it therefore hoped that a communication will be addressed to the Tartar General with a view either to the abolition of the Hsin Min Fu likin office, or to some other arrangement.

On receipt of the above representation from the Hsin Min Fu station master the writers instructed Mr Miao, the extra-mural inspecting Prefect, and the Koupangtzu station master to make an inquiry. The former reports that the general likin office of the Moukden Province was originally established at Yingkou, on the Southern bank and levied a likin duty on all goods entering or leaving the port, under the designation "seven li likin", a charge of seven li)i.e. Taels 0.007) being levied on every tael worth of merchandise (i.e. 7 per cent ad valorem), the total collection in former years being 300,000 Tales. Owing to the Russian occupation and to the non-rendition of Yingkou, the Native Customs and likin revenue are both collected by the Russians, and in the spring of this year (i.e. 1903) a separate likin office was established on the Northern shore at Yingkou with a branch office at Tienchuangtai for the collection of "measure and weight" tax of one li (i.e. one per cent). With additional charges for difference in scale and fineness of silver the tax amounted to 8.68 per cent ad valorem, amd the total collection this year amounted to not over 70,000 Taels. But in addition to these charges there are branch establishments for the collection of "measure and weight" dues in every prefectural town, district town, village and market town. At ~~Shanhaikuan~~ Koupangtzu, Koupangtzu, Hsin Min Ting, and Chin Chou, the offices are closest to the railway stations. The levy of a 'transit duty' at them seemed too onerous, so the name was changed to "measure and weight"due, and according to the original regulations this was to be levied only on grain stuffs bought and sold among the people, and on goods that had reached their destination, but at the present moment it is collected from all goods that pass by train, the amount, with some exceptions, being two per cent ad valorem. But in the absence of a fixed tariff the charges vary greatly, and there are naturally abuses. Properly speaking these dues

should

should not be levied on goods in transit by the railway, but the Likin Office has obtained leave to levy a destination tax on goods at the newly opened Hsin Min Ting station, and at Koupangtzu the branch office has also issued notices imposing an additional transit duty. It is this that has caused so much dissatisfaction among the traders, who would escape these charges if they carried their goods by road. Other offices at stations along the line will probably act in the same way, to the great injury of the railway revenue as well as inconvenience to merchants.

The Koupangtzu station master reports that the branch likin office there levies three kinds of duty , "measure and weight due", salt likin, and Taotai's dues, and all merchandise leaving the place has to pay all three, except salt, which pays a single duty of $ 92 per twenty ton carload. He gives the charges on millet, wheat, beans, linseed, tobacco, and cotton.

The Directors draw attention to the fact that the loan agreement of 1898 provided for a loan for the construction of the extramural railway of £2,300,000, approximately equivalent to sixteen million taels, the term within which the whole was to be repaid being forty-five years. The loan was guaranteed by the Chinese Government, and the agreement with the British and Chinese Corporation received the sanction of the Throne. The amount due monthly for interest is over one hundred thousand dollars, and no matter what other urgent requirements there may be, this amount is a first charge on the revenue, so that there may be no breach of agreement which might produce complications. From next year, moreover, in accordance with the loan agreement, repayment on capital begins and for interest and sinking fund together there will be required over two million tales a year. Now, if, as the merchants state, a new Likin office is established at Hsin Min Fu, and all manner of dues are levied on goods, trade will be fettered and the railway revenue will steadily decrease, and where can the money now required for the monthly interest and for the future payments for interest and sinking fund be found ?

The Directors

The Directors would be lacking in their duty if they did not call attention to these facts, and in view of the importance of the subject they venture to suggest that the Viceroy should invite the Tartar General to investigate the question of these branch offices near the stations, with a view to determining whether the dues should be reduced or entirely abolished, duty in accordance with the Moukden regulations being collected on his behalf by the railway and remitted at fixed terms, or whether some other suitable modification should be made in the interests of both trade and of the earnings of the railway.

They will be glad to learn the Viceroy's decision as soon as possible.

Enclosed in the above is a copy of the petition dated January 8th, 1904, from the Hsin Min Fu merchants, setting forth the disastrous effects on trade of the heavy dues now levied, and praying that the Tartar General may be invited either to abolish the Hsin Min Fu levy or to reduce it, or to arrange that payment there shall free goods from further taxation at Koupangtzu and other places.

They submit a copy of the tariff in force at Hsin Min Fu.

COPY.

PEKING,

March 15th, 1904.

Your Highness ,

It has come to my knowledge that in consequenceof the heavy likin charges imposed by the Tartar General at Moukden on goods carried by the railway line from Shanhaikwan to Yinkow and by the branch from Koupangtzu to Hsin-min-ting, the owners of merchandise find it cheaper to transport it by road, and the revenue derived by the extra-mural portion of the Chinese Northern Railways is consequently much less than it would be, but for these differential charges.

Your Highness is no doubt aware that the amortization of the bonds of the railway loan of 1898 will begin in June 1905, when the annual payments to be made by the Chinese Government will amount to £115,000 instead of £57,500 and if there is a loss on the revenue of the extra-mural portion of the Northern Railways, the difference will have to be made good out of the nett earnings of the Peking Tientsin Shanhaikwan line.

It is, I feel convinced, scarcely necessary for me to point out to the Chinese Government the necessity of putting a stop to the exactions of the Tartar General of Moukden, which have had such a disastrous effect in diminishing the income of a railway which might prove a valuable source of revenue to the Chinese Government.

I avail muself &c.,

(Signed) Ernest Satow.

Inclo. 3
in Sir E. Satow's
No. 87.
March 14/04

PRINCE CH'ING TO SIR ERNEST SATOW.

COPY.

Kuanghsu XXX:2:5.

(March 21st, 1904).

Your Excellency,

I have the honour to acknowledge the receipt of your Note of March 15th, with regard to the injurious effects on the revenue of the extra-mural railway of the heavy likin duties imposed by the Tartar General at Moukden and to state in reply that the Board has written both to the Tartar General and to the High Commissioner of Northern Trade (Yuan Shih-k'ai) asking them to institute a thorough inquiry and to consult with a view to making a satisfactory arrangement. When their replies have been received I shall have the honour of again addressing Your Excellency on the subject.

I avail myself &c.,

No. 1.

Sir E. Satow to the Marquess of Lansdowne.—(Received May 9.)

(No. 87.)

Peking, March 14, 1904.

My Lord,

I HAVE the honour to acknowledge receipt of your Lordship's despatch No. 364 of the 1st December last, instructing me to obtain particulars of the levy of *li-kin* duties of goods transported by the extra-mural portion of the Chinese Northern Railways, and to make a strong representation to the Chinese Government should it be proved that the deficit in the revenues is due to the *li-kin* charged at Moukden.

The inclosed copies of documents which have been furnished to me confidentially show what these charges amount to.

But since I wrote my despatch No. 342 of the 1st December the receipts of the extra-mural sections have increased very considerably. From Mr. J. Boyce-Kup, the representative of the British and Chinese Corporation on the Board of Directors, I learn that the receipts for January last were 180,610 dollars, of which 50 per cent. may be deducted for running expenses. This increase is due to three factors:—

1. Merchandize from Hsin-min-tun, owing to the closing of the Liao River by frost;

2. Extra dispatch of goods by Chinese endeavouring to dispose of stocks before the Chinese New Year; and

3. Increased dispatch of goods in anticipation of the war.

The *li-kin* charges have not been reduced; on the contrary, the transport of salt from Taku to Hsin-min-tun, which was a new and promising traffic, has been entirely stopped by the recent imposition of a treble tax on that commodity by the Tartar-General of Moukden.

I have taken every opportunity that has presented itself of urging on Hu Yü-fen for months past the desirability of getting the heavy *li-kin* dues on the railway reduced, but without effect. The Chief Administrator of the Chinese Northern Railways, who is the Viceroy of Chih-li, and the Tartar-General of Moukden naturally do not see eye to eye with respect to the interests of a railway which is controlled and guarded by the one, in territory under the jurisdiction of the other, and the authority of the Central Government over the Tartar-General is much diminished by the fact of the Russian occupation. At the present moment, owing to the outbreak of war, the transport of goods has almost entirely ceased, but Hu Yü-fen stated to me a few days ago that the receipts from passenger traffic had recently been as much as 7,500 dollars a-day, earned in transporting fugitive Chinese from Manchuria who are seeking safety within the Great Wall.

Under present circumstances I do not feel any assurance that the Chinese Government will see the necessity of giving orders to the Tartar-General to abate the evil, but in order to leave them no excuse for not acting, I have addressed to Prince Ch'ing a note, of which I have the honour to inclose a copy.

I have, &c.

(Signed) ERNEST SATOW.

P.S.—Since writing the above I have received a note from Prince Ch'ing stating an inquiry has been ordered with a view to a satisfactory arrangement. I have the honour to inclose a copy.

E. S.

Inclosure 1 in No. 1.

Memorandum by Mr. A. G. Cox respecting Transport Taxes between Yingkou and Koupangtzu.

THERE are no published rates and rules for transport taxes that I have been able to get. But from inquiries among the merchants it is evident that taxes have been

Rec'd. 4 May 9
Sir E. Satow's
No 87
March 14/04

imposed since the Russians left in October 1902 which were not in force previous to 1900.

As far as I have been able to extract information, they are as follows:—

At Yingkou, almost opposite the native Customs station, there is a *li-kin* office where "Ba Li Chuan Chu," amounting to ·8 per cent., is levied, and a "Kuo Lu Hsin Chuan" of 1 per cent., said to be due for passing Shuang Tai Tzu (now abolished).

At Koupangtzu there is a "Kuo Lu Hsien Chuan" of 1 per cent., also "Te Cheng Chuan Chu" of varying rates, said to average 2 per cent. on goods and about ½ per cent. on grain.

Also "Hu Pu Ta Shui" which is levied on goods by weight, 100 catties for 40 cents, and a grain tax of about ½ per cent. (20,000 local cash per 80 tan grain).

These taxes appear to amount to at least 5 per cent. on goods and less on grain. But in addition to this the underlings at the offices have to be fed, and the weight is sometimes over-estimated, so that the actual cost will not be less than 6 per cent., and there is endless worry and delay in getting the goods through.

The "Hu Pu Ta Shui" at Koupangtzu is said to be a gross swindle, and really a Shanhaikwan, tax which they have no business to levy here at all. They levy it again at Shanhaikwan.

These taxes are levied only on railway traffic, presumably because it is easy and cheap to collect, whereas road traffic is expensive and difficult to collect.

The result is that trade is being strangled which might develop greatly with the help of railway transport.

Inclosure 2 in No. 1.

Directors of Northern Railway to Viceroy Yuan Shih-k'ai.

[*Undated.*]

THE writers refer to a previous representation on the subject of the heavy *li-kin* duties levied by the Tartar-General at Moukden on rail-borne goods, in reply to which the Viceroy promised to address the Tartar-General, and communicate the result to the writers. A year has, however, elapsed without the promised communication having been received, and meantime the revenue of the line has steadily decreased.

They have now received a letter from the station-master at Hsin Min Fu, informing them that sixteen business firms at that place have sent in a petition to the effect that a general railway *li-kin* office has been established at Hsin Min Fu for the sole purpose of collecting *li-kin* on rail-borne goods of all kinds. On bristles the tax on a 20-ton car-load of 240 bales is 87 dollars odd; on grain and small wheat the tax is 12 dollars odd on a 20-ton car-load of 200 bales; on salt it is 16 dollars odd on a 20-ton car-load of 200 bags. For all goods there has been a new tariff established. The petitioners pay duty as before at Koupangtzu on goods coming to and from Hsin Min Fu, and also the charges known as "tou cheng" (*i.e.*, measure and weight dues). The burden of these was already very heavy, but now that this additional office has been established at Hsin Min Fu, levying duties, even larger than those collected at Koupangtzu, it is beyond their power to bear. They therefore propose in future to use the road in preference to the railway to save expense. They send a copy of the Hsin Min Fu Tariff.

The station-master begs to point out that the cost price of the merchandize conveyed by these traders is very small, and that the duties they already pay, with the addition of the new taxes at Hsin Min Fu, almost equal the whole value of the goods. Prior to the opening of the line, goods were carried by cart, and there was no *li-kin* levied. If the merchants revert to that mode of transport, on account of the heavy charges on goods carried by rail, the loss to the revenue of the line will be very serious; and it is therefore hoped that a communication will be addressed to the Tartar-General with a view either to the abolition of the Hsin Min Fu *li-kin* office, or to some other arrangement.

On receipt of the above representation from the Hsin Min Fu station-master, the writers instructed Mr. Miao, the extra-mural inspecting Prefect, and the Koupangtzu station-master to make an inquiry. The former reports that the general *li-kin* office of the Moukden Province was originally established at Yingkou, on the southern bank, and levied a *li-kin* duty on all goods entering or leaving the port, under the designation "7 *li li-kin*," a charge of 7 *li* (*i.e.*, 0·007 taels) being levied on every tael worth of merchandize (*i.e.*, 7 per cent. *ad valorem*), the total collection in former years being

300,000 taels. Owing to the Russian occupation and to the non-rendition of Yingkou, the native customs and *li-kin* revenue are both collected by the Russians, and in the spring of this year (*i.e.*, 1903) a separate *li-kin* office was established on the northern shore at Yingkou, with a branch office at Tien-chuangtai for the collection of "measure and weight" tax of 1 *li* (*i.e.*, 1 per cent.). With additional charges for difference in scale and fineness of silver, the tax amounted to 8·68 per cent. *ad valorem*, and the total collection this year amounted to not over 70,000 taels. But in addition to these charges, there are branch establishments for the collection of "measure and weight" dues in every prefectural town, district town, village and market town. At Shuangtaitzu, Koupangtzu, Hsin Min Ting, and Chin Chou the offices are closest to the railway stations. The levy of a "transit duty" at them seemed too onerous, so the name was changed to "measure and weight" due, and, according to the original Regulations, this was to be levied only on grain stuffs bought and sold among the people, and on goods that had reached their destination, but at the present moment it is collected from all goods that pass by train, the amount, with some exceptions, being 2 per cent. *ad valorem*. But in the absence of a fixed Tariff, the charges vary greatly, and there are naturally abuses. Properly speaking, these dues should not be levied on goods in transit by the railway, but the *li-kin* office has obtained leave to levy a destination tax on goods at the newly-opened Hsin Min Ting station, and at Koupangtzu the branch office has also issued notices imposing an additional transit duty. It is this that has caused so much dissatisfaction among the traders, who would escape these charges if they carried their goods by road. Other offices at stations along the line will probably act in the same way, to the great injury of the railway revenue as well as inconvenience to merchants.

The Koupangtzu station-master reports that the branch *li-kin* office there levies three kinds of duty—"measure and weight due," salt *li-kin*, and Taotai's dues—and all mechandize leaving the place has to pay all three, except salt, which pays a single duty of 92 dollars per 20-ton car-load. He gives the charges on millet, wheat, beans, linseed, tobacco, and cotton.

The Directors draw attention to the fact that the Loan Agreement of 1898 provided for a loan for the construction of the extra-mural railway of 2,300,000*l.*, approximately equivalent to 16,000,000 taels, the term within which the whole was to be repaid being forty-five years. The loan was guaranteed by the Chinese Government, and the Agreement with the British and Chinese Corporation received the sanction of the Throne. The amount due monthly for interest is over 100,000 dollars, and no matter what other urgent requirements there may be, this amount is a first charge on the revenue, so that there may be no breach of Agreement which might produce complications. From next year, moreover, in accordance with the Loan Agreement, repayment on capital begins, and for interest and sinking-fund together there will be required over 2,000,000 taels a-year. Now, if, as the merchants state, a new *li-kin* office is established at Hsin Min Fu, and all manner of dues are levied on goods, trade will be fettered, and the railway revenue will steadily decrease, and where can the money now required for the monthly interest and for the future payments for interest and sinking-fund be found?

The Directors would be lacking in their duty if they did not call attention to these facts; and in view of the importance of the subject, they venture to suggest that the Viceroy should invite the Tartar General to investigate the question of these branch offices near the stations, with a view to determining whether the dues should be reduced or entirely abolished, duty in accordance with the Moukden Regulations being collected on his behalf by the railway and remitted at fixed terms, or whether some other suitable modification should be made in the interests of both trade and of the earnings of the railway.

They will be glad to learn the Viceroy's decision as soon as possible.

Inclosed in the above is a copy of the Petition, dated the 8th January last, from the Hsin Min Fu merchants, setting forth the disastrous effects on trade of the heavy dues now levied, and praying that the Tartar General may be invited either to abolish the Hsin Min Fu levy or to reduce it, or to arrange that payment there shall free goods from further taxation at Koupangtzu and other places.

They submit a copy of the Tariff in force at Hsin Min Fu.

Inclosure 3 in No. 1.

Sir E. Satow to Prince Ch'ing.

Your Highness, *Peking, March* 15, 1904.

IT has come to my knowledge that in consequence of the heavy *li-kin* charges imposed by the Tartar General at Moukden on goods carried by the railway line from Shanhaikwan to Yingkou, and by the branch from Koupangtzu to Hsin-min-ting, the owners of merchandize find it cheaper to transport it by road, and the revenue derived by the extra-mural portion of the Chinese Northern Railways is consequently much less than it would be but for these differential charges.

Your Highness is no doubt aware that the amortization of the bonds of the railway loan of 1898 will begin in June 1905, when the annual payments to be made by the Chinese Government will amount to 115,000*l.*, instead of 57,500*l.*, and if there is a loss on the revenue of the extra-mural portion of the Northern Railways, the difference will have to be made good out of the net earnings of the Peking–Tien-tsin–Shanhaikwan line.

It is, I feel convinced, scarcely necessary for me to point out to the Chinese Government the necessity of putting a stop to the exactions of the Tartar General of Moukden, which have had such a disastrous effect in diminishing the income of a railway which might prove a valuable source of revenue to the Chinese Government.

I avail, &c.

(Signed) ERNEST SATOW.

Inclosure 4 in No. 1.

Prince Ch'ing to Sir E. Satow.

Your Excellency, *Kuang Hsü, 30th year, 2nd moon, 5th day (March* 21, 1904).

I HAVE the honour to acknowledge the receipt of your note of the 15th March with regard to the injurious effects on the revenue of the extra-mural railway of the heavy *li-kin* duties imposed by the Tartar General at Moukden, and to state, in reply, that the Board has written both to the Tartar General and to the High Commissioner of Northern Trade (Yuan Shih-k'ai), asking them to institute a thorough inquiry and to consult with a view to making a satisfactory arrangement. When their replies have been received I shall have the honour of again addressing your Excellency on the subject.

I avail, &c.

In reply quote

M

Confidential.

Admiralty,

17th March, 1902.

Sir,

I am commanded by My Lords Commissioners of the Admiralty to transmit for the information of the Secretary of State for Foreign Affairs, *decipher of a telegram dated* 17th inst. *No.* 4 *from* the Commander in Chief on the China Station.

I am, Sir,

Your obedient Servant,

Evan MacGregor

The Under Secretary of State,

Foreign *Office.*

Telegram No. 4

From Cinb China

	Place	Day	Time
Despatch	HongKong	17 Mch 00	
Receipt	Admiralty	—	

Following telegram received from "Espiègle" (Newchwang) :-

Directors of Imperial Chinese Railway Pekin have ordered Cox, Superintendent here, to withdraw with the staff, workmen, and rolling stock immediately ice breaks in the river.

Secretary.

D. R. } 17. March. 1904.

1. Enclos:

Withdrawal of Railway Staff & rolling stock from Newchwang.

Tr: tel: from C in C China - Espiègle reports order issued by Directors of Imp.l Chinese Rys for

printed in tel: sections.

Would it be worth while to try and find out from the B. & C. Corporation whether the ~~staff~~ Newchwang end only of the extra-mural R.y is to be abandoned, as stated in yesterday's "Times", or ~~whether~~ whether part of the line?

H.

We may as well ask them.

Hab

L

Dft.

B. & C. Corp.

March 21 /04

466 Ch. D.

PEKING,

18 March, 1904.

No. 92.

My Lord,

In continuation of my despatch No. 87 of the 14th instant, reporting the steps I had taken to draw the attention of the Chinese Government to the injurious effect on the receipts of the Extramural Railway resulting from the exorbitant likin levied by the Tartar General of Mukden on goods transported on that line, I have the honour to enclose copies of a correspondence which has passed between myself and Hu Yü-fen, one of the Administrators-general of the Chinese Northern Railways, on the subject of rates for coolie traffic. I had enclosed in my letter to him copy of my Note to Prince Ch'ing of the 15th instant, respecting the likin charges.

Hu Yü-fen. 15 March, 1904.

Hu Yü-fen. 16 March, 1904.

His Excellency justifies the discontinuance of the special reduced rates which were allowed for a period last year,

The

Marquess of Lansdowne, K. G.,

&c., &c., &c.

year, and in regard to the likin charges, which he regards as outrageous, informs me that a joint communication has been addressed by the Viceroy Yüan and himself to the Tartar General on this subject.

I have the honour to be,

With the highest respect,

My Lord,

Your Lordship's most obedient,

humble Servant,

Ernest Satow.

Peking. 18 Mar.

Sir E. Satow

No 92.

Ref. to F.O. 87/04.

Recd. May 9 2 Encl.

Extra mural railway likin: tr. correspondence with the Yüi Fen resp.g.

The Railway Author.s are divided as to the price which should be charged for third class tickets.

The last paragraph of no. 2 shows that Hu is alive to the evils of the likin charges.

See also Sir E. Satow's No. 87.

Lord Percy

L.P.

353 (L.2).

Hu ta-jen to Sir E. Satow.

opy.

PEKING,

16 March, 1904.

Your Excellency,

In reply to Your Excellency's letter I beg to state that there never was an arrangement for carrying coolies from Newchwang to Shanhaikwan at reduced rates in separate cars, but from the 9th moon of last year (Nov:-Dec:, 1903) an agreement was made betweena certain Wen and Director Liang by which the former was to receive coolie tickets in gross at the rate of a dollar and a half for the journey from Newchwang to Shanhaikwan, and a commission of seven li (Tls. 0.007). The ordinary fare, third class, from Newchwang to Shanhaikwan is $7.50, and from the time this agreement was made the sale of third class tickets became exceedingly small, passengers all travelling by coolie tickets. When I went to Yingkow, I bought such a ticket, which I showed Mr. Foley, the Traffic Manager, on my return to Tientsin. Considering that ten coolie tickets could be bought at the same cost as two third class tickets, this was a very natural result.

A comparison of the receipts at Yingkow in the 9th and 10th moons of last year with the receipts for the same period in 1902 showed that they were approximately the same, and therefore when the contract expired its renewal was refused.

This year a person named Chang wished to enter into a similar contract for the carriage of coolies from Chün-Liang Ch'eng to Yingkow and presented proposals to that effect

is Excellency,

Sir Ernest Satow, G. C. M. G.,

&c., &c., &c.

effect at Tientsin, but the fact was overlooked that the outbreak of war between Russia and Japan had made a great change in the conditions prevailing in past years. The coolies inside the Wall used to proceed every year beyond the Wall in order to work at Port Arthur and Harbin, but this year those places are the scene of hostilities and the people living there are about to flee to places inside the Wall, so what possibility is there of several score thousand coolies going beyond the Wall to their own destruction?

Moreover, such a large number of men would certainly be turned back by the Russian troops on the East of the Liao.

For these reasons Yüan Kung-pao and myself refused to sanction the contract.

Mr. Foley evidently does not understand the position and has probably been misled by these people, who want to turn third class passengers into coolie ticket holders, as before.

It will be seen that the matter is not one to which my attention has not been drawn.

To sum up:- the only way of securing a flourishing revenue from the extramural line is to reduce the charge for third class tickets by one half, in order to attract passengers. Mr. Kinder shares my opinion, but unfortunately Director Liang and Mr. Foley do not. One can only regret the fact.

The Moukden likin exactions are quite outrageous, and the Viceroy Yüan and myself have made a joint communication on the subject to the Tartar General.

I have, etc.

opy.

PEKING, 232

15 March, 1904.

Your Excellency,

I hear that the arrangements have been altered by which special rates on the extra-mural railway were allowed for coolies travelling between Shanhaikwan and Newchwang in separate cars, and that in consequence many men who came from Newchwang in the autumn are now walking back rather than pay the heavier fare demanded.

Probably Your Excellency's attention has not been drawn to the loss this causes to the earnings of the line, and I therefore feel no hesitation in acquainting you with the information that has reached me.

I have, etc.,

(Sd.) Ernest Satow.

P. S.

I enclose for Your Excellency's information copy of a letter I have addressed to the Board of Foreign Affairs with regard to likin duties on the railway.

His Excellency,

Hu ta-jen,

&c., &c., &c.

18 Mar.

2 in Sir E. Satow No 92.

1904.

H. B. Brooke.

70.

March 19 1904.

Dft.

British & Chinese Corporation.

3 Lombard St.
E. C.

(Sir E. Satow
No. 30. Jan. 25)

Sir,

With ref. to the letter from this Office of the 5th inst. on the subject of the Indemnity Claim of the North China Railway Administration ~~on account of losses sustained~~ in consequence of the Boxer ~~disturbances of 1900~~ in China, I am directed by the Marquess of Lansdowne to inform you that he has received a desp. from H.M. Minister at Peking resps. the sum of

1
in
Sir E. Satow
No 92.

18 Mar.

1904.

of £100 which ~~he was~~ ~~informed~~ H.M.G. ~~would~~ have allowed ~~[illegible]~~ for extra direct ~~claim for~~ damage to the Nanpiao Mines, in addition to the compensation awarded by the British Claims Commn.

Sir E. Satow reports that he has communicated this decision to Mr J. Boyce Kup, your representative at Tientsin, & that, as the claim is in reality a private claim, & should not have been included in the Railway Claim, he has requested the Agent of the Hong Kong & Shanghai Bank at Peking to issue a certificate for one hundred pounds in favour of Mr Boyce Kup as Representative of ~~your~~ the British & Chinese Corporation.

Feb

Draft

Bh & Chinese Corpor^n

70. 19 March 1904

(Ref 70. 5 Mch/04)

North^n China Rly Admin^n

Indemnity Claim:-

Subs Sir E. Satow No 30 of 25 Jan/04. Reg payment of £100 for damage to Hanpiao Mines

309 Ch. D.

In reply quote

M

Confidential.

Admiralty,

19th Mch. 1900.

Sir,

I am commanded by My Lords Commissioners of the Admiralty to transmit for the information of the Secretary of State for Foreign Affairs, *decipher of a telegram dated* 19th inst *No.* 6 *from* the Commander in Chief on the China Station.

I am, Sir,

Your obedient Servant,

Evan MacGregor

The Under Secretary of State,
Foreign *Office.*

Telegram No. 6

From Chief China

	Place	Day	Time
Despatch	Hongkong	19 Mch 10.	
Receipt	Admiralty	—	

With reference to my telegram of 17th March, "Espiegle" reports:- In consequence of protests from Superintendent Doc and British Consul General against the evacuation here of the Chinese Imperial Railway, it is now left to the discretion of the Superintendent in event of a Japanese attack.

Admiralty

Encl.

Rec 19/21 March 1904

Evacuation of Chinese Imperial Railway at Newchwang

left to discretion of Superintendent in event of Japanese attack.

In tel. from C-in C. China

(Seen by Sec. of State)

printed in tel. Sections.

We have asked the B. & C. Corporation whether only the terminus or what part of the Railway is to be evacuated.

R.

Feb

484 Ch. D.

Tel: from C. in C. China Hongkong R. 19 March
{comm. 19 March by Admy}

No. 15. With ref. to my tel. of 17th March "Espiegle reports:- In consequence of protests from Superintendent Cose & British Consul-General against the evacuation here of the Chinese Imperial Railway it is now left to the discretion of the Superintendent in event of a Japanese attack

H. Landy

F. O. 238

March 21 1904.

Draft

British and Chinese Corporation
3 Lombard Street
E. C.

Sir,

A report has been received at this Office to the effect that the Directors of the Imperial Chinese Railways at Peking have ordered their Superintendent at Newchwang to withdraw with the Staff, workmen and rolling-stock immediately the ice breaks in the river.

Admiralty
March 17

Pol
C. in C. China
No. 19 March
Chinese Imperial Railways

I am directed to
The Marquess of Lansdowne
to inquire whether the
British and Chinese
Corporation can state if
the order given to Mr.
Cox applies only to the
Newchwang terminus of the
Extra-mural Railway,
or extends to any other
part of the line.

Withdrawal of Staff re of
Mr. Chinese Rly at Newchwang
Report of Report in reply that
does order apply to Newchwang
terminus only.

Bh Chinese Corporation
F.O. 21 March 1904

311 A.D.

THE BRITISH AND CHINESE CORPORATION, LIMITED.

3, Lombard Street, London, E.C.

March 23rd. 1904.

Francis A. Campbell Esq., C. B.
Foreign Office, S. W.

Sir,

NORTHERN RAILWAY.

We beg to acknowledge the receipt of your letter of the 21st. instant enquiring by direction of the Marquess of Lansdowne whether we can state if the order given by the Directors of the Railway to their Superintendent to withdraw from Newchwang with the staff immediately the ice breaks in the river applies only to the Newchwang terminus of the extra-mural Railway or extends to any other part of the line.

In reply we beg to state that we have cabled the enquiry to our Agents and immediately the reply is received we will forward the contents to you.

We are,

Sir,

Your obedient Servants,

THE BRITISH AND CHINESE CORPORATION, LIMITED.

per. W. D. Lawrie

Chairman.

THE BRITISH AND CHINESE CORPORATION, LIMITED.

3, Lombard Street, London, E.C.

March 24th. 1904.

Francis A. Campbell Esq., C. B.
Foreign Office, S. W.

Sir,

NORTHERN RAILWAY.

Referring to your letter of the 21st. instant, the receipt of which we acknowledged yesterday, we now beg to inform you for the information of the Marquess of Lansdowne that we have received a telegram from our Agents in China which translates as follows:-

"Withdraw from Newchwang has not been ordered. The "Railway premises will be in the line of fire in the "event of bombardment. The Railway Staff would withdraw "temporarily to the next station and return immediately "when firing has ceased."

We are,
Sir,
Your obedient Servants,

THE BRITISH AND CHINESE CORPORATION, LIMITED,

per. W. Keswick
Chairman.

Cos of Chinese Corporation Ltd
8 23 March 1904
R 24 (Ref FO. of 21st Inst)
Withdrawal of Northern Railway
Superintendent from Newchwang
F.O. enquiring has been ordered to that depot

52.CR.2:

BRITISH LEGATION,
PEKING.

6 April, 1904.

No. 119.

My Lord,

I have the honour to transmit herewith a copy of the annual report of the North China Railways for the year ending September 31st last.

This report is described as being printed for private circulation by order of the Directors in accordance with the terms of the Loan Agreement of 1898.

I have the honour to be,
With the highest respect,
My Lord,
Your Lordship's most obedient,
humble Servant,
Ernest Satow

The
Marquess of Lansdowne, K. G.,
&c., &c., &c.

Brit: & Chinese Corpn.
D. }
R. } 24. March. 1904.
(Ref: F.O. March 21.)

Northern Railway Staff at Newchwang. Tr. tel: from agents. Withdrawal not ordered. In case of bombardment Ry. Staff wd. withdraw temporarily to the next station.

This is satisfactory. "We heard from the "Espiègle" that the Ry. had ordered their Superintendent at Newchwang to withdraw with staff, workmen and rolling stock immediately the ice broke. The "Espiègle" however reported later that owing to the protests of the Superintendent and H.M. Consul General the evacuation had been left to the discretion of the former in the event of a Japanese attack.

Qy. Ack. with thanks.
H.Z.
March 26.
L

513. Ch: D.

Peking.
6 April.
Sir E. Satow
No 119.

Recd May 21 1 Encl.

North China Railways:
Ar. report for 1903.

See passages marked at pp. 10 and 11.
We may hope soon to hear from the Treasury
Sir Ian Hamilton
as to a scheme for the payment of the Admiralty's outstanding claim, and understand that the matter is under consideration. Ar.

407 C.L.

Imperial Chinese Railways

NORTH CHINA.

Annual Report for year ending 31st September 1903.

Published for private circulation by order of the Directors in accordance with the terms of the Loan Agreement dated 10th October 1898.

PRINTED IN TIENTSIN

Imperial Railways of North China.

STATEMENT OF ACCOUNTS for the Year ending 30th September, 1903.

No. 1. CAPITAL AUTHORISED AND CREATED.

DETAILS.	CAPITAL AUTHORISED.			CAPITAL CREATED.			BALANCE.		
	STOCK & SHARES.	LOANS.	TOTAL.	STOCK & SHARES.	LOANS	TOTAL.	STOCK & SHARES.	LOANS.	TOTAL.
	$	$	$	$	$	$	$	$	$
Imperial Chinese Government and Chinese Shareholders.....	20,370,000	... ...	20,370,000	20,370,000	... ...	20,370,000			
Under Loan Agreement 1899 ... £ 2,300 000.....	... ...	27,600,000	27,600,000	... ...	27,600,000	27,600,000			
$	20,370,000	27,600,000	47,970,000	20,370,000	27,600,000	47,970,000	"	"	"

No. 2. STOCK AND SHARE CAPITAL CREATED SHOWING PROPORTION ISSUED.

	AMOUNT CREATED.	AMOUNT ISSUED.	AMOUNT UNISSUED.
	$	$	$
Imperial Chinese Government and Chinese Shareholders.....	20,370,000	20,370,000	
$	20,370,000	20,370,000	"

No. 3. CAPITAL RAISED BY DEBENTURE STOCK.

			TOTAL RAISED BY DEBENTURE STOCK AT 5 PER CENT.
			$
UNDER IMPERIAL CHINESE 5% RAILWAY LOAN, 1899.			
Existing at 30th September, 1903.	£ 2,300,000		27,600,000.
Existing at 30th September, 1904.	£ 2,300,000		27,600,000.
			$
Of which there was invested in the Hongkong & Shanghai Bank, London, at 30th September, 1902		£ 618,794.9/7	7,425,533.76
Less Withdrawals during the year		$ 2,097,479.06	
Add Interest accrued on Loan Funds in London during the year		$ 217,591.75	1,879,887.31
Leaving invested in the Hongkong & Shanghai Bank, London, at 30th September, 1903		£ 462,137.4/1	5,545,646.45

Dr. No. 4. RECEIPTS AND EXPENDITURE ON CAPITAL ACCOUNT. Cr.

	Total to 30th Sept, 1902	Amount expended in year ending 30th Sept, 1903	Total to 30th Sept, 1903		Total to 30th Sept. 1902	During Year to 30th Sept. 1903	Total to 30th Sept, 1903
	$	$	$		$	$	$
To Expenditure				By Receipts			
Lines open for Traffic.....	24,000 000	... ...	24,000,000	Shares & Stock per No. 2.....	20,370,000	... ...	20,370,000
Lines under Construction	15,240,676.24	1,534,481.62	16,775,157.86	Debenture Stock per No. 3.....	27,600.000	... ...	27,600.000
Under Paragraph 1 clause 2 of Loan Agreement...	943.790	777.597-45	1,721,387-45	Interest accrued in London.....	... ...	217,591.75	217,591.75
Extention to Tungchow ...	360,000	... ...	360,000				
$	40,544,466.24	2,312,079.07	42,856,545.31		47,970,000	217,591.75	
			5,331,046.44				
Balance.....							
		$	48,187,591 75			$	48,187,591.75

No. 5. DETAILS OF EXPENDITURE ON CAPITAL ACCOUNT.

		$
On Construction of Line Outside Wall from Chung-hou-so to Hsin-ming-t'ing and from Kao-pon-tze to Yingkow (Newchwang).....		1,534,481.62
" Improvements Inside Wall under Paragraph 1 clause 2 of Loan Agreement.....		
Land and Sidings.....	$ 8,641.26	
Buildings and Workshops.....	" 114,328.95	
Bridges.....	" 62,342.47	
Rolling Stock.....	" 592,284.77	777,597-45

No. 6 EXPENDITURE ON CAPITAL WORKS PAID FOR FROM REVENUE.

	$
Summer Palace Line—Construction	25,510.79
Tung-Chow Extention—Construction	37,434.62
Betterment to Inside Wall Line	161,502.20
$	224,447.61

No. 7. REVENUE ACCOUNT.

		$			$
Maintenance of Way, Works & Stations.....as per Abstract A		579,743-83	By Earnings		
Locomotive, Carriage & Wagon Expenses,... " " " B		917,555.52	Inside Wall		
Traffic Expenses... ... ... " " " D		228,336.19	Passengers, 1st, 2nd, & 3rd	1,572,000.00	
General Charges ... ... " " " E		554,450.32	Goods...	1,603,988.87	
Bridge Works		35,498.51	Coal	402,626.41	
Balance Carried to Net Revenue Account....		2,342,650.65	Mail	Nil	
			Rent of Fengtai-Lao-Ko-Chow Branch rented to Peban Railway	4,048.40	3,582,754.58
			Outside Wall		
			Passengers, 1st, 2nd, 3rd Class...	645,497.06	
			Goods...	275,396 46	920,893.52
			Military Traffic		136,006.46
			Rents of Houses, Land, &c., &c.		18,580.46
	$	4,658,235.02		$	4,658,235.02

No. 8. NET REVENUE ACCOUNT.

	$		$
To Interest on Debenture Loan for Year	1,405,518.09	By Balance transferred from Revenue Account.....	2,342,650.65
" Old I. C. R.		" Balance forward.....	73,549 39
Interest on Debenture Loan for July, 1900...	135,257.90		
Currency notes redeemed	10,175		
Charges of 1900	53,721.48		
" Reconstruction of Boxer damage	587,079.96		
" Capitalised Revenue being amount taken from Revenue for Capital Works			
Summer Palace Line-Construction	25,510.79		
Tung Chow Extention-Construction	37,434.62		
Betterments to Inside Wall Line	161,502.20		
$	2,416,200.04	$	2,416,200 04

Dr. No. 9. GENERAL BALANCE SHEET. Cr.

	$		$
To Capital Account, Balance at Credit per No. 4.....	5,331,046.44	By Net Revence Account, Balance at Debit per No. 7...	73,549 39
" Salaries & Wages due	109,602 53	" Hongkong & Shanghai Bank, London On Deposit £450,000	
" Pei Yang Treasury for Hsiling	35,029.91	On Current ...	5,545,646.45
" Sundry Outstanding Accounts	46,095.89	" Stores	3,208,293.38
" Amounts due by the Railway	51,184 07	" Traffic Accounts due to the Railway	169,546.52
" Bank Account, Tientsin, Overdraft, ...	129,117.81	" Investments	7,002.80
" B. R. A. Balances taken over.....	3,457,829 09	" Amounts due to the Railway	88,978.96
		" Cash in hand, Tientsin.....	66,888.24
$	9,159,905.74	$	9,159,905.74
" Advanced by H/E. The Viceroy			
To redeem Chinese Shares Taels 200,000	285,714.28	By Shares account	190,023 50
To account of Hsiku Construction, Taels 200,000...	285,714 28	" Hsiku Construction	153,102 97
		" Balance of Viceroy's advances in Bank	228,302.09
$	9,731,334 30	$	9,731,334 30

ABSTRACTS.

A.—Maintenance of Way, Works and Stations.

	Year ending 30th September, 1903.	
	$	$
Salaries, Office Expenses and General Superintendence,		76,594.37
Maintenance and Renewal of Permanent Way—		
Wages	291,659.32	
Materials	73,396.39	365,055.71
Repairs of Bridges—		
Wages	22,239.03	
Materials	29,726.04	
Repairs of Stations and Buildings	86,128.68	138,093.75
		579,743.83

B. & C.—Locomotive Power & Rolling Stock Repairs.

	Year ending 30th September, 1903.	
	$	$
Salaries, Office Expenses and General Superintendence,		113,416.17
Running Expenses—		
Wages connected with working Locomotive Engines,	78,505.76	
Coal	319,428.01	
Water	31,842.81	
Oil, Tallow and other Stores	46,308.86	476,085.44
Maintenance & Renewal of Locomotives & Machinery		
Wages	91,687.86	
Materials	72,847.15	164,535.01
Repairs and Renewals—		
Coaching Vehicles:—		
Wages $ 14,183.85		
Materials „ 29,274.25	43,458.10	
Goods Vehicles:—		
Wages $ 19,888.51		
Materials „ 61,771.05	81,659.56	
Cleaning Carriages and Oiling	38,401.24	163,518.90
		917,555.52

D.—Traffic Expenses.

	Year ending 30th September, 1903.	
	$	
General Superintendence	50,969.65	
Wages of Station Staff	112,554.31	
Wages of Train Staff	26,006.04	
Lighting and Small Stores	27,061.56	
Wagon Covers, Ropes etc.	232.40	
Station Fittings and Furniture	11,512.23	228,336.19

E.—General Charges.

	Year ending 30th September, 1903.	
	$	
General Superintendence	193,325.83	
Accountant's Department	47,353.19	
Stores do.	52,805.58	
Medical do.	25,302.26	
Rents of Buildings and Lands	6,529.66	
Police	77,002.82	
Telegraph Department	67,925.23	
Stationery and Printing	52,411.83	
Compensation	11,008.98	
Miscellaneous	20,784.94	554,450.32

Wm. HENDERSON
Chief Accountant

CERTIFICATES

The yearly accounts as stated above contain in my opinion a full and true statement of the financial condition of the Railway, and the revenue of the year has, in my judgement been charged with all [illegible] which ought to be paid thereout. Owing to the destruction of the Company's records during the disturbances of 1900, the original capital of the Company has been estimated at £20,370,000 which appears to be a full and sufficient allowance. The subsidies to be paid by the Provinces of Shansi, Shensi, Honan, and Anhui by terms of the Loan Contract have not been paid, but this has in no way affected the services of the Loan, the Interest on which has been regularly paid.

A. F. ALGIE
Auditor

TIENTSIN, 16th JANUARY, 1904.

TONGSHAN, 30th SEPTEMBER 1903.

I hereby certify that the permanent way, stations, buildings, and other works have, during the past year not only been maintained in good order and repair but are in better condition than when line was returned to the Chinese Authorities.

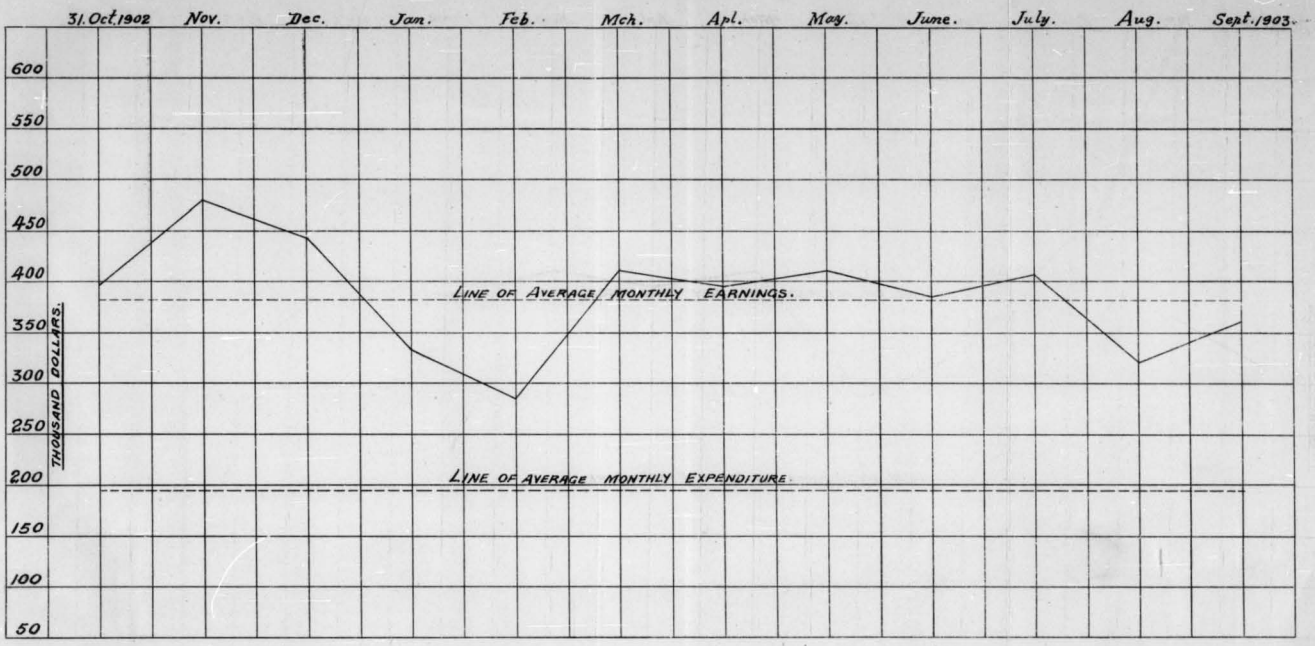
C. W. KINDER.
Engineer-in-Chief,

TONGSHAN WORKS. 30th SEPTEMBER, 1903.

I hereby certify that the plant, engines, tenders, cars, machinery, and tools have been maintained in good repair and are in much better condition than when taken over from B. R. A.

F. A. JAMIESON.
Locomotive Superintendent.

DIAGRAM SHEWING EARNINGS AND EXPENDITURE ON THE I.C.R. LINE FOR THE YEAR ENDING 30TH SEPT 1903.



LITHO PRINT, TIENTSIN PRESS, LTD.

———— LINE OF MONTHLY EARNINGS.

REPORT ON LOCOMOTIVES, ROLLING STOCK, AND WORKSHOPS.

Train Mileage - - - - - - - - - - - - - 1.195.165 miles

Engine Mileage - - - - - - - - - - - - - 1.750.127 miles

The total Cost of Motive power for the twelve months ending 30th September 1903. amounts to $ 754.036.62.

PERIOD.	COST OF POWER PER ENGINE MILE.					
From 1st Oct. 1902	Oil tallow and Other Stores.	Coal.	Wages Superintendence wages of drivers, firemen with overtime.	Maintenance and renewal of Locomotives and Machinery.	Water.	Total.
	$ Cents	*$ Cents*	*$ Cents*	*$ Cents*	*$ Cents*	*$ Cents*
To 30thSept. 1903	2.6	18.2	10.9	9.5	1.8	.43

Table showing Analysis of Locomotive Working for the last Six months of working Year from April to September 1903.

TABLE A.

LOCOMOTIVE DEPARTMENT.

ANALYSIS OF WORKING.

1903.	Total No. of Engines.	Total Weight Tons.	No. of Engines in Service.	Weight. Tons.	No. of Miles run.	Average Mileage per Engine	lbs of Coal per Engine per Mile.	COST OF POWER PER ENGLISH MILE.					TOTAL Cost.	No. of Men Employed.
								Stores.	Coal.	Wages.	Repairs.	Water.		
								$ Cents	*$ Cents*	*$ Cents*	*$ Cents*	*$ Cents*	*$ Cents*	
APRIL	92	3975.4	68	2943.15	139.279	2048	59.2	1.7	19.9	11.7	9.7	1.5	44.5	1897
MAY	92	3975.4	69	2937.15	158.857	2302	53.64	2	16	12	9	2	41	2010
JUNE	101	4332.12	72	3134.12	158.461	2201	52.	4	19	11	11	2	47	2132
JULY	102	4383.12	72	3112.8	162.064	2250	48.	2	16	10	11	2	41	2160
AUGUST	105	4533.12	74	3200.13	147.864	1998	46.5	4	16	11	12	3	46	2094
SEPTEMBER	105	4533.12	79	3405.19	140.606	1779.8	49.44	2.1	17.5	11.5	10.8	2.6	44.5	2099
Average per month	99	4289	72	3122	151.188	2099	51.4	2.6	17.4	11.2	10.6	2.2	44	2065

TABLE SHOWING INCREASE OF CAR EQUIPMENT
—(ROLLING STOCK)—

	1st October 1902.	30th September 1903.	Additions during year.	Broken up.
10 Ton 4 Wheel Wagons.	742	743	1	
16 Ton 8 Wheel freight cars.				
Ballast	49	49	—	NONE
Flats	1	1	—	
Tanks. (Water)...	3	3	—	
20 Ton 8 Wheel freight cars.	793	844	51	
High Side	80	80	—	
Flats	10	11	1	
Covered Good	22	28	6	
Horse	204	214	10	
Ballast	24	24	—	
do American Steel				
24 Ton 8 Wheel freight cars.	12	12	—	
Ballast				
30 Ton 8 Wheel freight cars.	72	72	—	
Covered Goods	19	21	2	
Low Side	—	2	2	
Water Tanks	—	6	6	
Oil Tanks				
Passenger and Brakes.*	19	19	—	
1st Class Cars	49	52	3	
2nd " "	5	9	4	
Family "	2	3	1	
State "	10	19	9	
Composites "	3	3	—	
Official "	1	1	—	
Directors "	3	3	—	
Buffet "				
4 Wheel Brake Vans...	27	33	6	
8 Do	7	7	—	
4 Wheel Explosives	2	2	—	

NOTE* (of which 39 are fitted with quick-acting air brakes and 19 are piped for same.)

TABLE G.
ANALYSIS OF WORKING.
CAR DEPARTMENT.

1903.	Passenger Brake Vans & Private Cars		Freight and Pony Cars.		Axle mileage run.					No. of Men	Axle Mileage per Axle per day.		Cost of Maintenance.			Train
	Total No. of Axles.	Axles in Service	No. of Axles.	Axles in Service	Passenger	Freight.	Private.	Construction.	Total.	Employed.	Passenger	Freight.	Passenger Cars.	Freight.	Clearing filling & S. Stores.	Miles.
													$ c.	$ c.	$ c.	
April	506	445	6870	6728	948.772	4,966,473	42,416	680,603	6,638,264	538	74	27.7	3451.37	7911.91	2,412.37	98,940
May	506	455	6870	6740	964.019	5,107 280	50,344	584,878	6,706,521	670	76	27.	4926.82	7964.05	2,516,68	110,484
June	510	464	6876	6746	951.700	5,039,831	54,208	816,254	6,861,993	723	75	28.8	3073.37	9083.91	4,368.43	108,363
July	514	464	6904	6751	965.542	5,217,129	59,892	880,196	7,122,759	760	77	29.	4,274.25	8293.44	2,938.30	113,837
August	526	469	6924	6773	874.960	4,503,349	51,348	646,779	6,076,436	792	69	24.5	3,199.20	9,777.87	3998.01	99,740
September	530	476	6924	6790	874.172	4,791,846	40,862	811,227	6,518,107	830	68	27.5	2919.89	9860.04	3991.54	98,911
Average per month	515	462	6894	6754	929.861	4,937,651	49,845	736,656	6,654,013	719	72	27.4	3640.81	8815.20	3370.89	105,046

TABLE B.
LOCOMOTIVE DEPARTMENT.

Locomotives.	Number of Locomotives.
1. In working order in 1902.	66.
2. Repaired during the year.	32.
3. New locomotives from Europe during the year.	18.
4. Built at Tongshan.	1.
5. In course of construction at Tongshan.	2.
6. Under repair.	14.
7. Damaged locomotives to be rebuilt.	11.
8. Total number.	105.
9. Total weight of same	Tons 4577.12

LOCOMOTIVE WORKING STAFF.

Foreign Inspectors	7.	
Foreign Driver	1.	
Native Do.	93.	
Firemen	144.	
Cleaners	179.	
Miscellaneous	489.	*Total* 913.

TABLE SHOWING SUMMARY OF MILEAGE RUN BY LOCOMOTIVES.
TABLE C.

Summary of Mileage from October 1902 to September 1903.

Passenger	Goods.	Shunting.	Standing under steam.	Ballasting.	Light.	Total.	Lbs of Coal consumed.
662,014	461,335½	388,218½	103,834½	130,701½	4,023	1,750,127	92,989,880

Expenditure on erection and construction of Rolling Stock amounted to $ 1,017,090,30.

This includes as follows:—

Cost of and erection 12 Dubs Locos (Moguls) ... ... $ 499,033,67.

Cost of 4 Passenger Locos ... (ten wheel), ... $ 141,008,19.

$ 650,041,86.

The balance $ 367,048,44 is distributed in the construction of new cars as detailed in table E!

TABLE I.

COST OF REPAIRS OF ROLLING STOCK.

Period.	Class of Mileage.	Axle mileage run.	Total cost repairs and renewals.	Cost per 1000 Axle miles.
Last 6 Months ending 31st September 1903	Freight	34,045,845	$ 52,891,22	$ 1,55
	Passenger	5,878,235	$ 21,844,90	$ 3,71
	Car Lubriciation	39,924,080	$ 20,225,33	$ 0,50

TableJ.showing comsumption of oils for Lubrication and Lighting.

OIL CONSUMPTION.

	Castor lbs.	Winter Axle lbs.	Bean lbs.	Cylinder lbs.
Locomotive Department	190.192	5655	33785	59672
Car Department	128.875	104233	2666	108
Shops	22.804		10104	2342
Traffic	835		10697	
	342.706	109.888	57.252	62.122
Average for 12 months per month..	28.559		4771	5177
Average for 6 months per month ..		18.314		

WORKSHOPS DEPARTMENT.

WORK EXECUTED AT MAIN SHOP AT TONGSHAN AND AT DISTRICT SHOPS AT FENGTAI AND KAO-PAN-TZE.

Amount of Expenditure on account of Reconstruction, to be recovered form Indemnity Claim.

Workshops At Tongshan...	$ 14,297.49
" " Fengtai	" 14,559.93
Total	$ 28,857.42

Rolling Stock and Locomotives.

Wages etc.	$ 53,466.26
Materials	" 104,749.16
Total	$ 158,215.42

The most important works undertaken at Tongshan on Workshop account, were as follows:—

	COST.
Sundry work	$ 15.059.60
New offices	" 21.496.13
Mess house	" 1.332.10
Stores building	" 2.710.84
Erecting shop	" 280.00
Brass foundry	" 5.668.48
Machinery account	" 19.835.46
Water tower	" 3.752.19
Locomotive cleaning shed...	" 6.314.73
Boiler shop	" 22.80
New roads...	" 685.00
Total	$ 77.157.33

IMPROVEMENTS AND ADDITIONS TO SHOP PLANT.

Boiler house.	1. Brick chimney.
	4. Cornish boilers.
Power house.	2. Feed pumps and connections
	2. Air Compressors and 2 receivers.
Pump house.	1. Dynamo and engines.
Smithy.	2. Hydraulic pumping engines..
Machine Shop.	2. Standard pumping engines.
	1. 5 cwt Steam Hammer.
	1. Locomotive plate frame Slotting machine.
	1. Gas thread screwing machine.
Brass foundry.	1. Pot furnace, shafting and pullies for small tool removed from Old Works.
Paint Shop.	Steam heating pipes.
Offices and Stores.	Steam heating apparatus throughout.
Boiler Shop.	Pneumatic tools and air pipes.

KAO-PAN-TZE SHOPS.

Boiler house.	3. Vertical boilers.
Engine room.	1. Engine complete.
Smithy.	1. 5 cwt steam hammer.
Machine Shop.	4. Lathes.
	3. Small lathes.
	1. Slotting machine.
	1. Planing do.
	1. Shafting do.
	1. Shearing and Punching machine.
	3. Wall drills.
	1. Standard drills.
	1. Fan.
	1. Emery tool grinder.
	1. Cold iron sawing machine.

FENGTAI SHOPS.

Boiler house.	2. Vertical boilers.
Engine room.	1. Engine.
Machine Shop	1. Axle lathe.
	2. Screw cutting lathes.
	1. Radial drill.
Repairs yard.	1. 50 ft. Turntable.
Smithy	6. Smith fires, fan etc.

GENERAL REPORT.

OPEN LINE.

PEKING—TIENTSIN DISTRICT.

Main line	Miles	106 25
Sidings	Miles	21.92
	Total track	128.17

The line has been well maintained but no works of magnitude can be undertaken until the Indemnity funds becoms available for reconstruction.
1069. 85 lb. Rails had to be changed, defective ones having been put in track by military.
Only 5370 new sleepers have been put in but 16,000 will be required for next year.
The Shops at Fengtai have been completed and a 50 feet car turntable erected.
128,155 fong of earth work has been done, chiefly at the Peking Station and at the new "City Station" of Tientsin.
A fine road has been built between the Railway and the town and this property will one day become one of the most valuable in Tientsin.
The important Yard at Hsi Ku will be pushed next spring, the siding to it, has been completed and muck trains are working, 2,760 mow of land have here been secured for yard and siding.
Rainfall was light and no floods occurred.
An Artesian bore-hole struck good water at Peking when 233 feet deep,a steam pump and tank have been erected and engines now use this water instead of hauling it from Fengtai.
The No. of bridges on this District is 66, of a total length of 9,088 feet giving 85.53 feet. per mile of main track.
The Summer Palace Extension was sanctioned early in 1903. and line was surveyed and pegged out.
About 3 miles of earth works were completed when orders arrived to stop all work and nothing more has since been done.

TIENTSIN—SHANHAIKWAN DISTRICT.

Main line	Miles	172 81
Sidings	Miles	44.21
	Total track	227.02

Maintenance expenses have been somewhat heavy owing to large number of defective sleepers found in line when the B R. A handed over 69.724 have been put in, and 65.000 will be required for next year renewals.
11.6 miles of old 70 lb. track has been pulled up and sold to the Hsiling line, 85 lb. rails previously belonging to the 2nd track of the Peking-Tientsin line replacing them.
In addition 2½ miles of defective 60 lb. track laid by the Russians has been replaced by new 60 lb. rails.
Only one new building has been erected, the Likin Station at Tientsin with an area of 3600 square feet.
A turntable has been put in at T. H. Station, 55 feet diameter and a water tank erected at river bank.
No individual works of great importance have been carried out.
The greatest being the strengthening of 90 feet girders to carry the heaviest standard engine loads and the completion of six spans of 30 feet and one 90 feet at the Middle creek bridge, the original bridge on wooden piers having been destroyed by Boxers.
At Hanku nothing has been done to replace the wooden bridge put up by the German Military. The Loan Funds obtained for this purpose have not been touched. Work is delayed until the Ta-Ling-Ho and other work for Outside Wall has been completed No decision has been arrived at as to whether the bridge shall have an opening span for junks or not.
The stations on this District, South of Tongshan, are mostly in bad condition as rebuilt by the Russian troops. Nothing can be done until Indemnity Funds are available.
Only 14" of rain-fall occurred in this District consequently no flood damage has resulted.
The Number of bridges on this District is 108 and total length 16 761 feet giving 96.99 feet per mile. There are also 7.100 feet of sunk track.
The booked expenditure on maintenance is reduced to a fraction of its usual amount by crediting of rails removed from the track between Tientsin and Tongku and sold to Hsiling Railway, and the 85 lb. rails which replaced them having been charged against maintenance in previous financial year.

SHANHAIKWAN—CHENCHOW DISTRICT.

Main line	Miles	113.90
Siding	Miles	15 45
	Total track	128.25

This district was left in very fair condition by the Russian troops, but some heavier works had to be undertaken in the way of ballasting and protective pitching of banks and bridge training dams.
22.642 new sleepers were put into track and 2½ miles of quarry siding relaid.
15.000 fong ballast and 4 633 fong of rubble was got out and utilized.
The S. H K. Hotel building was extended over an area of 3.800 feet and quarters for Assistant Engineer at C. H. W. cabins etc, to the extent of 9.000 square feet.
At Shan Hai Kwan a four inch water pipe 7.440 feet long has been laid from River tank to the Station.
An unusually heavy rain fall of 27.46" caused severe floods near Ning Yuen Chow, a pier of one bridge was destroyed and two abutments injured.
The five arched culvert No. 235 itself was uninjured but the apron was carried away. It has been decided to lengthen the culvert.
The total repairs due to floods will cost some $ 21.000 and extra bridge work $ 17.000
There are at present 144 bridges on this District of a total opening of 21.394 feet giving 187.83 feet per mile. This large proportion is due to line crossing the several watersheds close to the hills,
3.000 fong of rubble and 2.000 chang of rough squared stone is being prepared to further strengthen parts of line liable to flood damage.

CHEN CHOW TO YING KOW.

Main line	Miles	148.58
Siding	Miles	10 00
	Total track	179 48

As it was most important to push on the reconstruction and new works on this Part of Line, District Engineer Cox was placed in charge as soon as the Railway had been transfered by the Russians, first to a purely Chinese staff and by it to the original staff under the Engineer in Chief.
This caused some delay and as all Engineers' plant and tools had either been removed or destroyed it was several weeks before an effective start was possible.
Every effort was made to complete the foundations of the Ta Ling Ho bridge and the new structure over the Shiang Tai Tzu Canal, and in spite of severe floods, this has been done. both works reflecting great credit on the Engineers in Charge.
The Ta Ling Ho superstructure has seven 100 feet spans already in place and the balance, 19 spans, will be completed in January next
The piers are of concrete faced with ashlar granite at, and below the ice level, and were sunk by compressed air to an average depth of 44 feet below low water. They are all on rock bottom. A severe flood was experienced on 28th August, the worst known for over 60 years, but beyond delay to the work and train service owing to loss of 1,000 feet run of the temporary bridge and line on bed of river, no damage was done.
At Shiang Tai Tza canal—It was decided to put in one "*through*" span of 200 feet and five deck spans of 60 feet The canal is tidal with a range of 12 feet and a soft mud bottom.
The Russians had made a really fine job of the temporary wooden bridge which is exposed to great ice pressure, but it was very important to get the permanent structure completed before the winter set in.
The large span was purchased in England and the smaller ones were built in the Shan Hai Kwan Shops.
The piers were sunk by compressed air, three air-locks being used to each to insure minimum delay. The bridge will be completed by end of October. There are no other bridges of much importance on this District, but their total length is 7092 feet (in all 41 bridges) averaging 47.73 feet

per mile of line.
Owing to the bad work put in by the Russians while in charge of the line all bridges had to be redecked and one pulled down before it was possible to get them into centre or safe condition. Much of the rivetting was renewed and 27 piers had to be partly rebuilt.
Several quarries were reopened for procuring rubble and track ballast and the whole line has been ballasted to the extent of 53,500 fong, while for protective works 4,110 fong of rubble have been utilised.
At Ying Kau, the most important Port and station outside the Wall, very poor progress has been made due to want of material, plague scares and above all to political complications due to Russian refusal to retire from the country.
The Passenger station, Running shed, Inspectors quarters and Likin offices are nearly completed, while the wharf has been partly rebuilt and repaired and forshore pitched where it was being scoured away by river at a rapid rate. This portective work is most important and cannot be delayed.
About 2,000 feet run will be completed by next spring.
As Ying Kau has no pure water supply fit for man or engines, important works were carried out 13 miles up the line.
Two 12' x 30' concrete setting tanks have been built on river bank at that point and a 12' x 20' tank has been erected on a stone tower near main line, 1200 feet distant. From this point water is sent to Ying Kau by rail in tank cars carrying 30 tons on two 4 wheel bogies.
The property at the terminus near the river has been laid out with a view to encourage the shipping companies to have yards and wharves with direct siding connection. Several acres have been reserved for streets, shops and dwelling houses which will shortly be necessary. It is proposed to light the whole with Electricity and possibly to supply steam for heating purposes from a central point so as to avoid risk of fires.
Water will also be sold at moderate price.
The Railway owns 772 acres of valuable land with 13,300 feet of water frontage. Steamers drawing 18 feet of water come alongside the Wharf. i.e. the largest craft which can enter the Port.

KAO PAN TZE TO HSIN MING FU.

At Kao-Pan Tze—several sidings have been put in and walls built around workshop yards The running shed has been completed and also offices stores and shop buildings. It was found essential to have a small repair shop here to deal with rolling stock. This has been placed in charge of an assistant Locomotive Supt.
There is great trouble in getting a good water supply as the bore-holes put down by the Japanese have not given sufficient.
The quality however is excellent so efforts will be made to render the holes effective. At present water is chiefly carried by tanks from a spring on Hsin Ming Fu line about 3 miles off
At this station the new line to Hsin Ming Fu (previously—Hsin Min Ting) branches off towards Mukden it will therefore become a very important junction. Space has been secured to allow of ample extension as required
The stations and official houses were built by the Russians and although of a far more costly type than required for the comfort of the employes, they have been found useful and have allowed the Engineers more time to attend to more important works.
The extension to Hsin Ming Fu has been slowly pushed on, 28.17 miles of track having been laid since the Boxer incident. The delay has been chiefly, due to lack of plant and quarry sidings, all of which had been destroyed or ruined by neglect. Severe floods were also experienced which washed away deviations around the bridges under construction and put a stop to traffic for some weeks.
A splendid station site of about 250 acres has been obtained close to the city at Hsin Ming Fu, and it is expected that Rail-head will reach there about middle of November.
About 45 bridges are under construction, the largest being 15 spans of 20 feet, and 5 spans of 60 feet, these will be completed early in 1904.
There are 71 bridges on this Extension with a total length of 3, 646 feet giving 52 feet per mile. The traffic will open as soon as Hsin Ming Fu is reached and quantities of grain are stocked ready to supply it.
From Hsin Ming Fu to the Russian line at Mukden is about 35 miles and numbers of passengers will prefer to take this route rather than face the present difficulties of crossing river at Ying Kau.
The I. C. R. have negotiated for a suitable ferry steamer to ply between the town of Ying Kau, the Russian terminus and their own.
A small Hotel will also be arranged for at the letter place.
The fares are certainly too high to suit the pockets of the people and a return to those prevailing before the Boxer outbreak is being demanded. Owing to the depreciation of silver such a great reduction is at present impossible.
Third class cars have been covered in with roofs and canvas curtains over side openings—Chinese prefer such cars as they are able to sit on their baggage and thus avoid robbery.
The 1st class cars on Mail trains have been much improved and are now quite equal to those of Europe or America. On slow and mixed trains they are however very deficient in comfort and for these the rates ought to be lowered.
The special coolie traffic to Manchuria at the low rate of $ 2.00 per head for a distance of over 380 miles was satisfactory, and the Railway was thus able to compete with the steamers running to Ying Kau.
Freight traffic during the year has been indifferent owing to trade being bad and war rumours excercising a depressing effect.
Fortunately the salt transport was better than even before and almost compensated for losses for more valuable traffic.
615,000 tons of coal were carried but the very low rate granted to the Chinese Engineering & Mining Co., (under 1/5 penny per ton mile) does not permit of much profit—even when their special rate for coal sold to the Railway is considered.
The same applies to the low rates charged for general cargo to and from Chin Wang Tao which have been given to the same Company with the object of encouraging the use of the Port as a winter harbour.
Outside the Wall, the traffic has been seriously injured by excessive Likin charges, which compel merchants to avoid the Railway and carry their goods by carts. Active measures are being taken to put a stop to these descriminating taxes.
The opening of the Line to Hsin Ming Fu will of course cause an immediate increase of business unless Likin charges are again purposely made to prevent it. Considerable difficulty has been experienced at several points, but chiefly at Ying Kau, in getting cargo handled at fair rates.
Certain individuals secure monopolies and prevent ordinary labour being engaged, and prices are thus kept at a reasonable figure.
The Tung Chow Branch is doing well and is becoming more popular, the cart owners naturally put every obstacle in the way.

HSILING BRANCH.

From Kao Pei Tien a small station on the Peking and Hankow line to the Imperial Western Tombs.
In October 1902, orders were given to construct a branch from the main line for the purpose of conveying the Court to the Tombs in the month of March 1903.
The survey was rushed through and earth-work commenced within ten days after receipt of orders.
Timber bridges were rapidly erected and rails gathered from various sources so that the line was ready for service at end of February.
The length of main line is 24 miles and of sidings 3.7 miles
There are 24 Bridges of 72 spans in all, none exceeding 30 feet.
The Lui Li Ho is crossed on a low bridge of 120 feet in length, the floods which rise some 6 feet above the track are thus allowed to go over it, the track being heavily pitched with stone.
There are four stations but the traffic is very small and cannot be increased until some arrangement can be made to co-operate with the Pei Han Railway authorities.
The expenses are met by the Viceregal Treasury, and the I. C. R. simply lends Rolling stock and the men for working and management.
Mr Jene Tien Yow, a Chinese Engineer educated in America has had full charge of the work throughout.
The imperial visit was successfully managed and in spite of the rapid manner in which the line had been built, a heavy train service was run without a hitch.
The future of the branch is doubtful, being isolated from the I. C. R. and joining a line over which it has no control. It would be more satisfactory to sell and let it be worked by the Belgians. With economical handling it could then pay its expenses and be a boon to the country through which it runs.

LOCOMOTIVE & CAR DEPARTMENT.

The Old Shops of the Railways at Tongshan are now partly employed for car building and partly occupied by Indian troops.
Most of the machinery has been removed to the New Works.
Out of the 26 Locomotive which were wrecked by the Boxers, all but 11 have now been rebuilt, a work of considerable difficulty but less expensive than procuring new engines to replace them.
Owing to pressure of repair-work, only one new engine was built, but under normal conditions about 20 engines per annum can be completed.
Only two types will be built, namely Moguls for 60 lb. and 85 lb. rail track, as these are found to be most suitable for railway service in China.
Parts are gradually being standardized and every effort made to insure rapid and economical repairs.
Owing to considerable difficulty in procuring suitable steel for fireboxes Mr. C. P. SANDERSON's services have been called in and it is hoped that better results will be obtained.
It has been found that in spite of all drawbacks the steel boxes are more suitable than copper in this part of China, and in future no more will be made of that metal
The price of timber having risen considerably, it has been decided in future to adopt "all steel" underframes for freight cars, and to build none under 30 Tons capacity, flat, low sided high-sided, and covered.
Teak will also be abolished as much as possible for passenger car bodies, and steel plate with asbestos sheeting used as substitutes.
Steam for car heating has been adopted, the boiler being placed in brake van.
Electric lighting will also be adopted very shortly, the dynamo being placed in car with the aforesaid boiler. The state train is thus fitted.
The fast mail trains are as yet alone fitted with quick acting Westinghouse brakes. They have given every satisfaction, and will be extended as funds permit
A Contract has been entered into with the "Wagon Lit International Co." to run three Restaurant Cars twice a week between Peking and Yingkow to connect with their "train de Lux" service on the Siberian route.
The Railway has built three high class cars of much the same pattern, replacing the inferior types introduced by the B. R. A.
The various shops employ an average of 2,700 men, and the average monthly expenditure was $ 30,926.
The Value of Stores and various materials now in stock for car and engine building at Tongshan in $ 1,161,287.

SHANHAIKWAN BRIDGE WORKS.

After 27 months occupation by natives and Russian forces, the works was handed back to the Chinese Authorities on September 24th 1902.
The plant was found in extremely bad condition and the Yard full of debris of rolling stock. Repairs were started after a general clean up on December 1st and it was not until February that things were in working order.
Great difficulty was experienced in getting labour as the Russians had been paying excessive prices and moreover men extremely lax in dealing with their Chinese employes no doubt to induce them to stop at all.
The work cannot therefore be said to have been in working order for more than seven months and the out-put must be considered as good for this short period.
The chief construction has been as as under:—

21—	span of	100	feet.	in all *1294 tons.*
10—	do	60	„	
2—	do	50	„	
5—	do	30	„	
4—	do	20	„	

Of miscellaneous iron-work for various Engineers—such as tanks, caissons, bridge cylinders etc. 211 tons.
Thus making a grand total of 1,506 tons.
The reconstruction of Plant and erection of one 30 feet planer and one 16 feet do. amounted to $ 37,104.00.
Fuel consumed—1128 tons. Casting turned out 142 tons. Brass do. 2½. Construction Plant stores and materials remaining in hand $ 680,399.00
Work in hand:—
159—spans of 12′ to 100′
Signal gear, points and crossings and general work for Construction Departments.
Average number of men employed under the Work Manager=347 daily.

TRAFFIC.

Passenger traffic has been worked on much the same lines as introduced by the Military authorities when in charge of line, chiefly to avoid any difficulties with the Allied Forces still occupying towns connected by the Railway.
Military rates remain unchanged but other fares have been slightly increased.

Table showing alteration of fares.

TIENTSIN TO PEKING.
= miles 87.06.

B. R. A. 1902.		I. C. R. 1903.	
1st class —	$ 5.00	1st class —	$ 5.30
2nd do. —	$ 3.35	2nd do. —	$ 3.30
3rd do. —	$ 1.65	3rd do. —	$ 1.75

Tientsin to Shan-Hai-Kwan=miles 173.73.

1st class —	$ 9.60	1st class —	$ 10.45
2nd do. —	$ 6.35	2nd do. —	$ 6.55
3rd do. —	$ 3.50	3rd do. —	$ 3.30

1d=3 cents.

Business prospects.

No great improvement can take place until the Manchurian question has been definitely settled, but there is no reason to think that the receipts for the coming year will be less than that of the last.

Delay and Accident Report.

There have been remarkable few fatal accidents during the year.

	Killed.	Seriously injured.	Slightly injured.
Employes	1.	1.	3.
Passengers	6.	1.	4.
Trespassers	9.	1.	3.
TOTALS	16.	3.	10.

There was one suicide and four deaths due to heat apoplexy, cholera and other causes.
None of the above accidents were due to any fault on the part of the Railway.
There were no accidents to trains of a serious character.
Accidents to stock and delays to trains were as follows:—

14th Oct.	Chien Men pointsman turned up train on to turntable siding, no damage done. Locked points have since been fitted.
26th Oct.	Two cars uncoupled at N. K. C. when shunting, one badly damaged and knocked over end of siding.
5th Nov.	Engine No. 53 was derailed by pointsman, no damage.
10th Nov.	Engine No. 70 delayed 70 minutes, both Injectors failing.
10th Nov.	Engine No. 62 tube burst, night time, h. 3.50 delay.
13th Nov.	Engine No. 42 failed at Lien Shan, 5.45 delay.
12th Nov.	No. 419 Ballast car was derailed at Chen Chow, pointsman to blame.
16th Nov.	Car No. 549 loaded with timber from Y. T. run into by Luhan train, car badly injured.
9th Dec.	Loco. No. 38 filled.
19th Dec.	Car No. 1734 derailed at T. K. Yard, pointsman to blame.
1st Jan. 03.	Brake van No. 29 derailed at T. K. Yard.
14th Jan.	Collision in T. K. Yard one 20 ton car and engine No. 22 seriously damaged, train turned on to wrong siding by pointsman.
19th Jan.	Engine No.—at K. P. E. damaged buffer plate, petty collision.
21st Jan.	Engine No. 42 failed at Chien Wei grade. 3 cars detached and ran back, due to defective brakes and stupidity of brakeman, no damage done.
25th Jan.	Engine on No. 3 down failed delay 3 hours.
13th Feb.	No. 82 engine failed at Charting.
22nd Feb.	No. 12 engine failed.
28th Feb.	Two cars of tobacco caught fire near Chien Wei, total loss. Sparks from engine suspected, but natives smoke when riding with cargo.
2nd Mar.	No. 12 train engine failed at Hsin Ho Chwang.
3rd do.	Engine of No. 3 failed near Tientsin, one hour delay.
12th do.	One car caught fire car and cargo damaged.
12th do.	Engine 44 ran into a native cart, cow was killed.
16th do.	Car No. 1732 loaded with furniture caught fire, slight damage only.
25th do.	Loco. on No. 1 down burst feed pipe, delay 25 minutes.
28th do.	Engine No. 82 derailed at F. T. Yard.
3rd April	No. 47 Brake van was burnt at Chen Chow.
10th do.	Three ballast cars ran into Running shed, smashed door.
7th do.	Engine on No. 4 up failed at L. T.
14th do.	Leave crossing gate at Ha-ta-men smashed by special train.
13th May	No. 45 engine failed at Tientsin, train cancelled.
29th do.	Ballast car 697 smashed by contractors at S. H. K.
17th June	No. 37 engine and cars derailed while shunting at Kuyeh, pointsman in fault.
24th June	Dining car glass and windows destroyed by rough handling while coupling at T. K.
31st July	Cow catcher on No. 1 down struck large stone placed on track by trespassers.
1st Aug.	Engine No. 54 tender draw-bar broke while pulling cars out of Erhcha mud-siding, 23 cars damaged slightly.
1st Aug.	Engine on 15 down ran into stones on track, no damage.
9th Aug.	Brake van derailed in K. S. T. quarry siding, due to bad track.
21st Aug.	Nos. 2, 4, 9, & 10 trains cancelled, due to flood over sunk track at S. H. K.

22nd Aug. Nos. 2, 4, 3 cancelled owing to floods.
28th Aug. Nos. 2, 9, 10 do. do.
29th Aug. Nos. 35 & 34 do. do.
30th Aug. Nos. 35 & 34 do. do.
15th Sept. Service East of K. P. E. stopped by floods injuring No. 17 bridge East of K. P. E.
23rd Sept. Ballast car No. 1595 derailed at points.
25th Sept. A 20 ton car blown out of loop at K. P. on to main line 500 yards east of station No. 32 ran into it both car & engine damaged, due to neglect of station master.
27th Sept. A 20 ton car derailed at Tongshan.
30th Sept. A 20 ton car derailed at H. K. C. due to neglect of Mining Co's men.

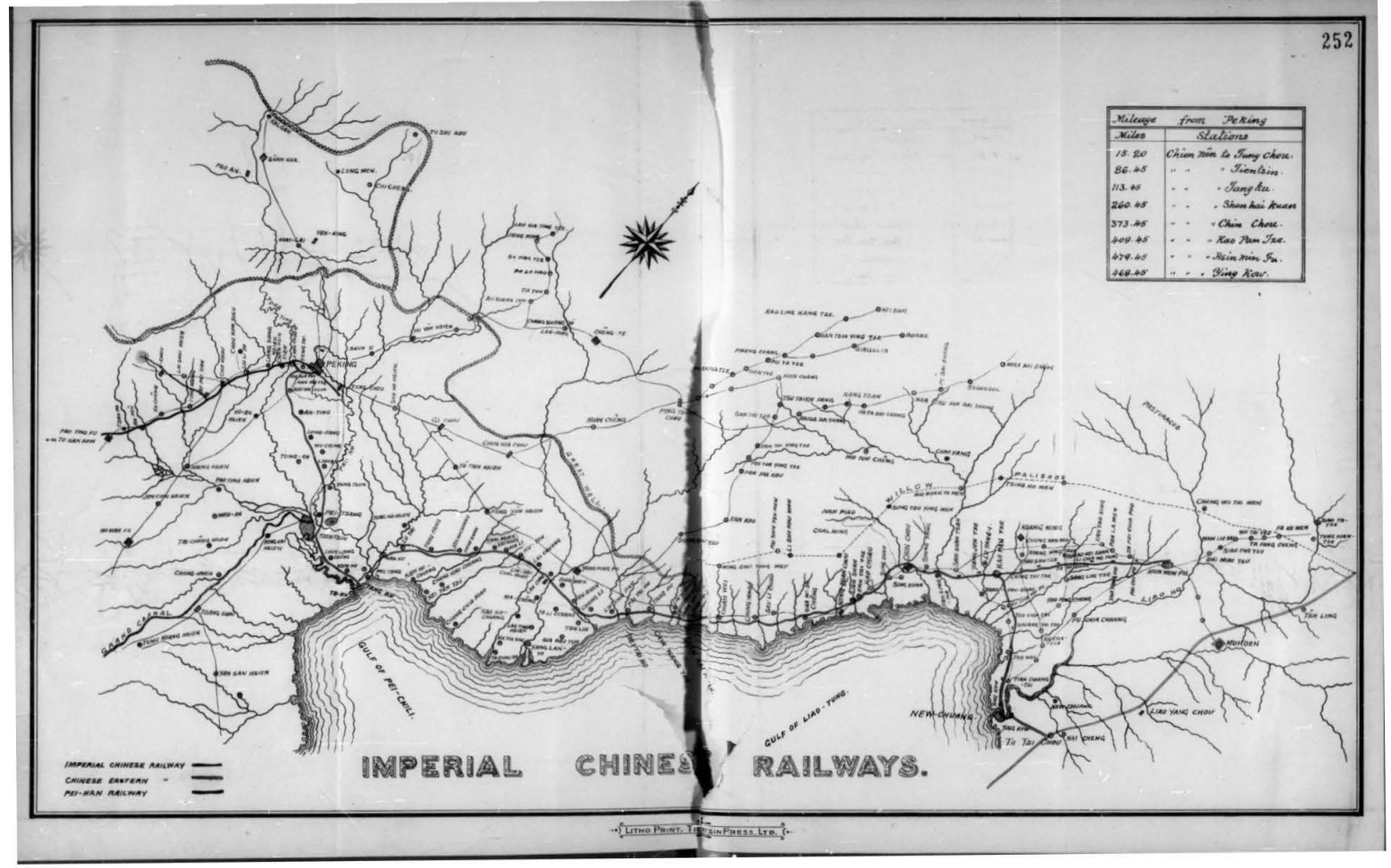
The chief source of danger to working still remains general robbery of metal work from track and rolling stock

The losses from this cause amounts to some 600 £ per month and native police and watchman are of very little use, never being properly supported by the local authorities. Along the Russian line, nothing is stolen because any thief is shot on sight, but on the Chinese lines theft is regarded as a minor vice as fa ras government property is concerned. It is of course traceable to the comparative poverty and low wages of the inhabitants. Iron in fact, is to them, about the same relative value as brass to a European. Supposing brass to be substituted for iron &c and steel on English track & rolling Stock, the Police forces would certainly have to be much increased to insure safety. In China iron is worth 3 cents per lb. and average wages is 18 cents. In England brass is worth 30 cents per lb. and average daily wages is 180 cents (abt. 3/-) In each case six pounds of metal is a day's wages.

Indian police and watchmen have been tried, but have not proved a success. First because it is extremely difficult to procure reliable men who have no vices, secondly because they are not properly supported by the authorities.

The Railway is regarded by 98 per cent of the porpulation as its natural prey, and so far no Laws have yet been made to remedy this harmful state of affairs.

The Syndicates other than British and American, are merely names for European Government enterprises in China. They are thus supported by the bayonets of some great Power. Europeans in charge have therefore absolute authority and compel the fullest attention to all their requirements



LITHO PRINT. TIENTSIN PRESS, LTD.

PEKING,

13 April, 1904.

No. 129.

Confidential.

My Lord,

In reply to the request contained in Your Lordship's despatch No. 50 of the 23rd February, I have the honour to transmit herewith a copy of the letter returned by the British and Chinese Corporation to the Directors of the North China Railways in reply to their claim to the interest earned on the unexpended balance of the loan fund in London.

Ind. British Corporation 29 January, 1904.

The Corporation maintain that they cannot allow such interest to be used for the general purposes of the railway, but are willing to concede that it should be applied to any purpose which would increase the bondholders' security, as an example of which they instance the increase, under Clause 3 of the agreement, of the rolling stock on the Peking-Shanhaikwan line.

I

The
Marquess of Lansdowne, K. G.,
&c., &c., &c.

Fr. Sir E. Satow No 119. 6 April. 1904.

z - 2023 f4

I have not heard whether it is proposed to return an answer to this communication.

I have the honour to be,

With the highest respect,

My Lord,

Your Lordship's most obedient,

humble Servant,

Ernest Satow.

Copy.

THE BRITISH AND CHINESE CORPORATION, LIMITED.

3, Lombard Street, London, E.C.
January 29th, 1904.

To the Directors and General Manager of
The Imperial Railways of North China,
Tientsin.

Sirs,

The Directors of the Corporation received on the 30th ultimo your letter of the 21st November, 1903, and after giving the same their most careful consideration, and taking legal advice, they decided that they must be wholly guided by the terms of the Loan Agreement.

They consequently instructed the Solicitors of the Corporation, Messrs. Stephenson, Harwood and Co., to submit your letter to Counsel with the Loan Agreement and take his opinion on the questions you have propounded, and we now send you a copy of the Solicitors' report to us dated the 25th instant, giving the result of the reference.

From this report you will see that in regard to the interest on the Loan funds in London, we can only recede from the position we have hitherto taken up to the extent that although we cannot permit such interest to be used for the general purposes of the Railway, we might allow it to be applied for any purpose which would increase the security of the Bondholders, for example the increase under Clause 3 of the Agreement of the Rolling Stock of the lines between Peking and Shanhaikwan. It appears that the requirements of the Bank in regard to the service of the Loan are in strict compliance with the Agreement and should be adhered to, and it further appears that the Bank

is

3- 2023 / 4

Peking. 13 Apr.
Sir C. Salour
No 129. Cfl.

Ref. No. 50/04.
Rec. June 6 1 Encl.
Chinese Northern Rys: tr.
Reply of 13. and C. Corp.
Para 9 interest on balance of loan.

Point Official
14/VI

The question submitted to Counsel are there as the Imperial Railways in i.e. Sect. 436.
The Corporation are only prepared to recede in regard to the interest on the unexpended

unexpended balance of loan funds in London, but none on the other funds.
We have not been appealed to in the matter and no action on our part is required. E.G.

This is a technical question on which if we were officials we would decide, we could hardly advise without consulting the Law Officers.
Feb 14/5

Feb 14/5

42 Cl. Leg.

is entitled to the use of the monthly Loan service instalments without allowing interest thereon.

We are, etc.,

THE BRITISH AND CHINESE CORPORATION, LIMITED.

per. (Signed) W. Keswick.

Chairman of the Board of Directors.

31 Lombard Street, London, E.C.
January 25th, 1904.

The Secretary,
British and Chinese Corporation, Limited.

Dear Sir,

IMPERIAL RAILWAYS OF NORTH CHINA.

In reference to the letter of 21st November, 1903, from the Directors of the Imperial Railways of North China, we have laid this before Counsel who has on previous occasions advised on questions relating to the Northern Railways and is familiar with the facts.

In answer to the first question in the letter of 21st Nov. his opinion is that the interest in question is not available for the ordinary purposes of the Railways but he adds that under the circumstances he thinks the Corporation would - if they desired to do so - be justified in allowing such interest to be applied for any purpose which increase the security of the Bondholders, e.g. the increase, under Clause 3 of the Rolling Stock of the lines between Pekin and Shanhaikwan.

In answer to the second question he is of opinion that Clause 8 of the Agreement expressly provides for monthly payments to the Bank in Tientsin in Hongping Taels and that this arrangement must be adhered to.

In regard to question 3 he is of opinion that the Bank is entitled to the use of the moneys in question without allowing interest thereon.

In regard to question 4 he is of opinion that Clause 8 of the Agreement authorises the Bank to fix the dates of the monthly instalments.

Yours faithfully,

(Signed) STEPHENSON, HARWOOD & CO.

13 Apr. 1904.

Sir E. Satow No 129 Confd.

AFFAIRS OF CHINA.

CONFIDENTIAL.

[June 6.]

SECTION 4.

No. 1.

Sir E. Satow to the Marquess of Lansdowne.—(Received June 6.)

(No. 129. Confidential.)

My Lord,

Peking, April 13, 1904.

IN reply to the request contained in your Lordship's despatch No. 50 of the 23rd February, I have the honour to transmit herewith a copy of the letter returned by the British and Chinese Corporation to the Directors of the North China Railways, in reply to their claim to the interest earned on the unexpended balance of the loan fund in London.

The Corporation maintain that they cannot allow such interest to be used for the general purposes of the Railway, but are willing to concede that it should be applied to any purpose which would increase the bondholders' security, as an example of which they instance the increase, under clause 3 of the Agreement, of the rolling stock on the Peking–Shanhaikwan line.

I have not heard whether it is proposed to return an answer to this communication.

I have, &c.
(Signed) ERNEST SATOW.

Inclosure 1 in No. 1.

British and Chinese Corporation to Directors and General Manager of the Imperial Railways of North China, Tien-tsin.

Sirs,

3, *Lombard Street, London, January* 29, 1904.

THE Directors of the Corporation received on the 30th ultimo your letter of the 21st November, 1903, and after giving the same their most careful consideration, and taking legal advice, they decided that they must be wholly guided by the terms of the Loan Agreement.

They consequently instructed the Solicitors of the Corporation, Messrs. Stephenson, Harwood, and Co., to submit your letter to counsel with the Loan Agreement, and take his opinion on the questions you have propounded, and we now send you a copy of the Solicitor's report to us, dated the 25th instant, giving the result of the reference.

From this report you will see that in regard to the interest on the loan funds in London, we can only recede from the position we have hitherto taken up to the extent that although we cannot permit such interest to be used for the general purposes of the Railway, we might allow it to be applied for any purpose which would increase the security of the bondholders, for example the increase under clause 3 of the Agreement of the rolling stock of the lines between Peking and Shanhaikwan. It appears that the requirements of the bank in regard to the service of the loan are in strict compliance with the Agreement and should be adhered to, and it further appears that the bank is entitled to the use of the monthly loan service instalments without allowing interest thereon.

We are, &c.
The British and Chinese Corporation (Limited),
(Signed) W. KESWICK,
Chairman of the Board of Directors.

Inclosure 2 in No. 1.

Messrs. Stephenson, Harwood, and Co. to British and Chinese Corporation.

Dear Sir, 31, *Lombard Street, London, January* 25, 1904.

IN reference to the letter of the 21st November, 1903, from the Directors of the Imperial Railways of North China, we have laid this before counsel who has on previous occasions advised on questions relating to the Northern Railways and is familiar with the facts.

In answer to the first question in the letter of the 21st November, his opinion is that the interest in question is not available for the ordinary purposes of the Railways, but he adds that under the circumstances he thinks the Corporation would—if they desired to do so—be justified in allowing such interest to be applied for any purpose which would increase the security of the bondholders, *e.g.*, the increase, under clause 3, of the rolling stock of the lines between Peking and Shanhaikwan.

In answer to the second question, he is of opinion that clause 8 of the Agreement expressly provides for the monthly payments to the bank in Tien-tsin in Hongping taels, and that this arrangement must be adhered to.

In regard to question 3, he is of opinion that the bank is entitled to the use of the money in question without allowing interest thereon.

In regard to question 4, he is of opinion that clause 8 of the Agreement authorizes the bank to fix the dates of the monthly instalments.

Yours faithfully,

(Signed) STEPHENSON, HARWOOD, AND Co.

PEKING,

May 2nd, 1904.

No. 154.

My Lord:-

With reference to Your Lordship's despatch No. 273 of September 10th last on the subject of the claims advanced by Messrs. Barry against the Chinese Railway Administration, I have the honour to transmit to Your Lordship herewith copies of correspondence which has passed between me and the Administrators General of the Railway and the Acting Crown Advocate at Shanghai on the subject.

In May of last year the Railway Administration wrote to Mr. Townley, arranging the claims under three heads and requesting information on certain points from Sir John Wolfe Barry and Company. The information desired was duly furnished, and I understand that the correspondence up to this point has already been communicated to Your Lordship by Sir John Wolfe Barry.

On January 29th of this year I addressed a letter to the

Administrators General of Imperial Railways. January 29th, 1904.

Do: Do: April 6th, 1904.

Acting Crown Advocate April 12th, 1904.

Do: Do: April 20th, 1904.

The Marquess of Lansdowne, K. G.,

&c., &c., &c.,

the Railway Administration, copy of which is enclosed, giving a full statement of the claims arranged under the desired heads, and with the additional information asked for by the Administration.

In their reply of April 6th Your Lordship will observe that the Administrators General consented to pay the amounts claimed under heads 1 and 2, only asking that the items claimed under head 2 should be charged to the Northern Railways Indemnity Account.

With regard to the claim for Retaining fees advanced under head 3, the Railway Administration stated that they could not admit any obligation.

I accordingly referred the question of this particular item to the Acting Crown Advocate at Shanghai, and Your Lordship will see, from his reply, that Mr. Platt is of opinion that this part of the claim cannot be upheld.

In view of Mr. Platt's decision I should be glad to receive Your Lordship's instructions as to whether I should continue to press the item for "retaining fees".

I have the honour to be,

With the highest respect,

My Lord,

Your Lordship's most obedient,

humble Servant,

Ernest Satow

Wolfe Barry claim against I.N. Railways

Copy.

~~Draft~~

Recd Letter No. 5.

H.B.M.Legation,

Peking,29 January,1904.

Your Excellencies,

With reference to the claim of Messrs Sir John Wolfe Barry and A.J.Barry against the Railway Administration I have now received a reply from the firm furnishing the information required by Y.E.E. in your Memorandum on the subject dated 29 April,1903.

In this Memorandum ~~SSSSSIVISS~~ the items of the claim are divided under three heads.

First- Amounts due from the Railway Administration before the Boxer rising. These you admit are properly payable by the Railway. They are the fees for Mr Barry's services (£6250) and for his expenses ($153.10) in China as adviser on Railway affairs, and the ~~SB~~ proportion of Mr Dease's ~~and~~ salary unpaid to date of the destruction of the Railway, say, June 1900, together with the expense of his return to England.

H.E. Yuan Shih Kai & H.E.Hu Yu Fen

Administrators General

Imperial Northern Railways.

Peking.

Peking. 2nd May.

Sir E. Satow

No 154.

Ref. F.O. 273/03.

Rec'd. June 20 4 Encl.

Sir J. Barry's claim against Northern Ry: requests initiative as to.

I have the honor to inform you that I have written to the Imperial Chinese Minister for Railways and Communications for instructions in the matter of Sir John Wolfe Barry's claim against the Northern Railways, and I have the honor to enclose herewith a copy of the letter addressed to me by the Minister, and of the enclosures therein.

Sir John Wolfe Barry's claim against the Railway Administration. Opinion itself is inclined to be favorable.

Before communicating with the Imperial Chinese Minister, I had thought it desirable to have the opinion of Sir John Wolfe Barry's claim expressed by Mr. Platt, who had difficulty in getting this claim settled, and requested Sir E. Satow to take up the matter.

Only as from our point of view Chinese Government would be liable to the Railway Company for the case claiming for, I do not think it worth while to submit to Government for instructions in the matter.

4. On the other hand, I do not think that we should be justified in entertaining the claim for claiming for Mr. Dunstan's fees. Not I cannot see why Sir E. Satow should have let himself be influenced by the opinion of the wolfe Barry's. They are quite capable of looking after their own interests & we had better call the Chinese attention to the fact that the deputation

469 Cl. Esq.

Draft

S.W.T. Satow No 203.

July. 6. 04.

Copy of letter to Sir E. Satow

Sir John Wolfe Barry's claim against the Railway Administration. Opinion itself is inclined to be favorable.

I have the honor to inform you that I have written to the Imperial Chinese Minister for Railways and Communications for instructions in the matter of Sir John Wolfe Barry's claim against the Northern Railways, and I have the honor to enclose herewith a copy of the letter addressed to me by the Minister, and of the enclosures therein.

Sir John Wolfe Barry's claim against the Railway Administration. Opinion itself is inclined to be favorable.

Before communicating with the Imperial Chinese Minister, I had thought it desirable to have the opinion of Sir John Wolfe Barry's claim expressed by Mr. Platt, who had difficulty in getting this claim settled, and requested Sir E. Satow to take up the matter.

Only as from our point of view Chinese Government would be liable to the Railway Company for the case claiming for, I do not think it worth while to submit to Government for instructions in the matter.

4. On the other hand, I do not think that we should be justified in entertaining the claim for claiming for Mr. Dunstan's fees. Nor I cannot see why Sir E. Satow should have let himself be influenced by the opinion of the wolfe Barry's. They are quite capable of looking after their own interests & we had better call the Chinese attention to the fact that the deputation

Second- Items which are properly chargeable to Indemnity Account. On this account the Administration is prepared to admit so much of Mr Dease's salary as is due for the period between the cessation of business and the end of his year of service, viz. 21 July, 1900, together with proper allowances during that period. As to the claim on Mr Dease's account of £750 for nine months of a second year of service, to wit, up to the 21 April, 1901, it is inquired in what capacity Mr Dease remained in China during the military occupation of the Railway and whether he was furnished with a written contract; and attention is also called to the fact that during his connection with the Railway prior to the Boxer uprising Mr Dease received several hundred dollars a month. Were these amounts the Memorandum asks credited solely to Allowance account?

In their reply Messrs Barry point out that Mr Dease remained at call until April, 1901, at the request of the Director General so as to be of service in case of necessi-ty, and during the whole period Mr Dease was in constant communication with the Directorate and other parties. Mr Dease's allowances were provided by the Administration and further his passage home, the liability of which is admitted by Your Excellencies, was paid by the Administra-tion. Under the terms of their agreement with Mr Dease which was entered into with the authority of the late Director General they are liable for the amount of his

retainer
salary

salary to 21 April,1901, when the notice to terminate his agreement expired. They therefore consider that the objections to their claim to be reimbursed by the Administration cannot be sustained. The payments made to Mr Dease by the Administration in China were solely in respect of allowances and expenses." As evidence that the late Director General was fully aware of Mr Dease's position they attach a copy of a letter addressed to Mr Barry by H.E. Chang Yi dated the 14th April 1901.

Third- Items for which the Administration cannot admit any obligation. These are the Retaining Fees for the two years from July 1900 to July 1902. Your Excellencies observe that the first year of the Administration's relations with Messrs Barry closed in July 1900 during the military occupation of the Railway. Upon the failure of the Administration to pay the retaining fee for the following year it might be assumed that Messrs Barry would consider the relation at an end, especially as you are not aware that they were called upon to perform any service for the Railway Administration after the Boxer uprising. It is remarked that Messrs Barry themselves do not seem to have placed much confidence in their claim since before the expiration of the period covered by it, they entered into similar relations with the British Railway Administration.

In support of their claim under this heading it is stated by Messrs Barry that no intimation was given them by the Administration that their services were not required, their

retainer

retainer naturally held good and they were precluded from accepting other retainers. The retainer from the British Railway Administration was not accepted until April,1902, nine months after the second of the two retaining fees claimed became due. The British Railway Administration was simply the locum tenens of the Chinese Administration and in accepting the retainer they were acting in the interests of the Chinese Administration; but as the two retainers overlap by about three months they are prepared to give the Chinese Administration credit for a corresponding proportion (say £100).

Your Excellencies' memorandum concludes by asking for an itemized account of the claim for telegrams (£35.7.5) and petty office expenses in London (£21.10.0). Messrs Barry enclose in their letter to me a list of cablegrams despatched with the purport of their contents and an account of the sundry expenses incurred in London in connection with the work for which under their arrangement with the Administration they claim to be entitled to charge. The two above enclosures I have the honour to forward herewith to Your Excellencies together with a copy of H.E.Chang Yi 's letter to Mr Barry referring to Mr Dease's services to the Administration and of Messrs Barry's agreement with Mr Dease. Deducting the retaining fee for the three months during which the retainers for the Chinese and British Administrations overlapped, viz.£100, the total claim is now made up as follows:-

1-	Fee for services of Mr Barry in China	£826
2-	Expenses of Mr Barry in China	£188.10
3-	Salary of Mr Dease, 6 months to 21 July 1900	£750
4-	Do Do 21 April 1901	£750
5-	Retaining Fee, July 1900 to July 1901	£400
6-	Do July 1901 to Aril 1902	£800
7-	Telegrams	£89.7.6
8-	Suddry Expenses in London.	£1.10.6
		£2888.7.11

Requesting the favour of an early reply

I have the honour to be,

Your Excellencies' most obedient

humble servant

(Sd:) E. Satow.

eir Excellencies YUAN SHIH-KAI and HU YU-FEN, Administrators-General of the Imperial Northern Railways, to SIR ERNEST SATOW.

PEKING,

April 6th, 1904.

Your Excellency,

On receipt of Your Excellency's letter of the 29th of January on the subject of Messrs Sir John Wolfe Barry and A.J.Barry's claim against the Imperial Northern Railways, we at once communicated its contents to our Head Office. We have now received a reply from the Head Office stating that the items should be dealt with under different heads and enclosing a memorandum in English which they ask us to transmit to Your Excellency. This memorandum we have the honour to forward herewith for Your Excellency's consideration.

2 May. 1904.

Sir E. Satow

96154.

EXCELSIOR

EXTRA SUPERFINE

COPY.

TIENTSIN, March 31st, 1904.

In further reference to the claim of the Messrs Sir John Wolfe Barry and A.J.Barry against the Railway Administration, and in reply to the communication of the British Minister of January 29th last, we beg to state that:-

(1) Our former communication under this head does not seem to require any change.

(2) As to this head, we are satisfied by the showing made by Messrs Barry that they became properly liable to Mr. Dease for his salary for the period stated by them, and are, therefore, properly entitled to reimbursement from the Railway Administration. We are helped to this conclusion by the evidence of the contract between the Messrs Barry and Mr Dease. the terms of which had never heretofore been disclosed to us.

We are nevertheless still of opinion that items under this head are properly chargeable to the Northern Railways Indemnity Account, and beg that you will request the Messrs Barry to await payment out of the Indemnity Fund.

To this head may now be added the charge for petty office expenses in London, and also the charge for telegrams in so far as the latter is admissible. We are of opinion that the only telegrams detailed by the Messrs Barry which are in the line of their service as consulting engineers and are, therefore, properly chargeable to the Railway Administration, are the telegrams March 21st 1901 to Mr Dease, £4.0.6., and of April 1st from Mr Dease, £2. 16. 0., making a total of £6.16.6. The other telegrams detailed by the Messrs Barry were for the protection of their own interests as against the Railway's, or had to do with matters not in the line of their service as consulting engineers.

As the total amount of money involved under the head of tele-

grams

telegrams is but small, however, we do not desire to discuss the matter further, but suggest that as the amount is properly chargeable to indemnity account, it comes entirely within the British Minister's competence to criticise and approve in whole or in part.

(3) Our opinion on the items classified under this head for which, as stated in our previous communication, the Railway Administration cannot admit any obligation, is not changed by the showing made by the Messrs Barry. The Messrs Barry do not show that they placed any reliance upon expectation of a continued retainer, nor that they suffered any loss by reason of such reliance, but in any event we are not able to understand how a legal right may be founded upon a failure to pay a retaining fee. since, as we are advised, the payment of the retaining fee is the sole evidence of such a contract as was in question. We do not understand that any notice is required for the termination of relations established by the payment and acceptance of a retainer. A retainer appears usually to be paid to cover a given period of time, and the relation ceases upon the expiration of the period.

If, through the British Minister's good offices a settlement may be arrived at upon the lines we have above laid down we shall be pleased to make arrangements to pay that portion of the claim of the Messrs Barry which falls under the first head and is now properly due and payable from the Railway Administration, and to include in the indemnity account a claim sufficient to cover the remainder. The contingency fund of the indemnity account was inserted with a view to cover this claim among others, and therefore no modification of the indemnity claim is required.

COPY.

PEKING,

April 12th, 1904.

Sir,

I have the honour to request that you will be so good as to give me an opinion on the subject of a claim which has been presented by this Legation on behalf of Messrs Sir John Wolfe Barry and A.J Barry against the Chinese Railway Administration but for which the latter refuse to admit any obligation.

The claim is for a retaining fee at the rate of £400 a year due to Messrs Sir John Wolfe Barry and A.J.Barry as consulting engineers to the Imperial Railways of Northern China from July 1900, to April 1902.

The Railway Administration based their refusal first of all on the ground that the first year of relations with the Barrys closed in July 1900 during the military occupation of the line and that upon their failure to pay the retaining fee for the following year, the Barrys should have considered the relation at an end especially as they were not called upon to perform any service for the Railway Administration after the Boxer uprising. They add that the Barrys themselves do not seem to have placed much confidence in their claim, since before the expiration of the period covered by it, they entered into similar relations with the British Railway Administration.

The Barrys' original claim, I should explain, was for a retainer for two years, but the period was subsequently reduced as will be seen, to twenty one months.

I communicated the Administration's reply to Messrs John Wolfe Barry and A.J.Barry who pointed out in return that as the Administration gave them no intimation that their services were not

A.C.Platt, Esq.,
cting Crown Advocate,
Shanghai.

2 May 1904
2 in Sir E. Satow 90154.

not required, their retainer naturally held good and they were precluded from accepting other retainers. With regard to the statement that they had accepted a retainer for the British Railway Administration, they observe that this retainer was not accepted until April 1902, nine months after the second of the two retaining fees claimed became due and seven months after the claim for that fee had been made against the Chinese Administration. The British Railway Administration was simply, in their opinion, the locum tenens of the Chinese Administration and in accepting the retainer they were acting, they maintain, in the interests of the Chinese Administration. As the two retainers overlap by about three months they agree to give the Chinese Administration credit for the corresponding proportion (say £100), although it is customary, they say, to consider retaining fees to be due in advance and not to be subject to variation afterwards.

The Administration, however, still refuse to admit any liability. They contend that it has not been shown by the Barrys that they placed any reliance upon the expectation of a continued retainer or that they suffered any loss by reason of such reliance, and they further express their inability to understand how a legal right may be founded upon the failure to pay a retaining fee, since, as they are advised, the payment of the retaining fee is the sole evidence of such a contract as was in question. No notice, they maintain, is required for the termination of relations established by the payment and acceptance of a retainer, for it is usually paid to cover a given period of time and the relation ceases upon the expiration of the period.

Before communicating the Railway Administration's final reply to Messrs Sir John Wolfe Barry and A.J.Barry I should like to be in a position to know how far(from a purely legal point of view) the Administration are justified in assuming the position that they have taken up.

I have etc.,
(Signed) Ernest Satow.

COPY.

SHANGHAI,

April 20th, 1904.

Sir,

I am in receipt of your despatch of the 12th instant, in which you request my opinion on the subject of a claim made by Messrs Sir John Wolfe Barry and A.J.Barry against the Chinese Railway Administration.

I am of opinion that the Barrys have no legal claim against the Railway Administration for the following reasons:-

About the month of July 1899 the Barrys made a contract with the Railway Administration under which they undertook to hold their services at the disposal of the Administration, for the period of One year, in consideration of a sum of Four hundred pounds, £400 then paid to them by the Administration. There was no express condition in such Contract that it was to be continued after the period of One year, nor do I think such a condition can be implied. That Contract terminated in the month of July 1900. Nothing was then said by either the Barrys or the Administration with regard to its renewal, no further sum was paid to the Barrys nor were they asked to perform any services during the following year by the Administration. I am therefore clearly of opinion that no new Contract with respect to engaging the Barrys' services was ever made after the termination of the first Contract.

The same reasoning leads me to the conclusion that no new Contract with respect to obtaining the Barrys' services was made in the Third year, that is, in the month of July 1901.

I cannot agree with the Barrys' contention, that as the Administration gave them no intimation that their services were not required their retainer naturally held good and they were precluded from accepting other retainers.

This would be so if the first Contract contained a condition (express

H.B.M.Minister,
Peking.

2 May.
Sir G. Salow
3 in
96154.
1904.

(express or implied) that it was to be continued until notice of termination was given by either of the parties to it, but as I have already said, I do not think there was such a condition.

For these reasons therefore I consider the Barrys have no legal claim against the Chinese Railway Administration.

I have etc.,

(Signed) W.A.C.Platt.

Acting Crown Advocate.

PEKING,

18, May, 1904.

No. 176.

My Lord,

With reference to Your Lordship's despatch Number 370, of the 4th December last authorizing me to accept the amount of the claims in Annexes III and IV, arrived at by the Administration of the Imperial Railways of North China if in each case it appears to be fair, I have the honour to enclose herewith to Your Lordship, a list shewing the amount allowed in each case.

Further amount allowed

Summary of claims as allowed.

With regard to Messrs. Jardine and Matheson's claim for expenditure on telegrams, the item of One thousand One hundred and eleven pounds, seventeen shillings and three pence has been deducted, and as I have received an assurance that the remainder of the expenditure amounting to One thousand and eighty four pounds, thirteen shillings and two pence was rendered necessary by the disturbances, it is included in the Table.

L1,111:17:3.

L1,084:13:2.

The

The Marquess of Lansdowne, K.G.,
&c., &c., &c.

2-2055 dc

4
in
Sir E. Satow.
No 154.
1904.
2 May.

£262:15:0¼. The claims of Doctor Fraser Hurst for Two hundred and sixty two pounds fifteen shillings and one farthing, and Mr.

£90. H. Darrell for Ninety pounds, which formed the subject of Your Lordship's despatches Numbers 398 of 31st December 1903, and 10 of the 13th January last respectively have also been included.

The only other claim calling for special remark is that of Mr. A. Currie forwarded in Your Lordship's despatch Number 204, of the 9th October 1902. I have allowed six months

£45:16:8. salary in lieu of notice at Forty pounds sixteen shillings

£275. and eight pence a month, amounting to Two hundred and seventy five pounds, and disallowed the claim for salary on leave.

The total of the various claims in Annexes III and IV

£5,758:4:9¼. as passed is Five thousand seven hundred and fifty eight pounds four shillings nine pence and one farthing.

With regard to the claims of Railway employees in items Numbers 15, 16, and 17 of the Railway Claim, after some correspondence with the Administration, on the 24th February last, I forwarded a list of all that had been passed up to that date, and suggested that they should be paid without further delay, and on the 25th March last, I was informed

that

that this had been done. I have now forwarded to the Administration a further list including the claims in the enclosed table, with the exception of Dr. Fraser Hurst and Mr. Dorrell who have been paid, and I have requested that they should be settled without delay.

I have also informed the Administration that as the following claimants have not appeared, their claims should be dealt with out of the contingent fund, whenever they present themselves, namely.

R. J. Palmer	£ 46: 5:0
O. Robke	£ 10: 0:0
W. R. Stafford	£ 92:10:0
Representative of J. Strong	150: 0:0
A. Wright	

In conclusion I have the honour to enclose a summary of the Railway Claim with five Statements attached. The summary finally settled, including the sum of Five thousand seven hundred and fifty eight pounds four shillings nine pence and one farthing above referred to, are, therefore,

Inside Wall	£329,607:5:6¼
Outside Wall	£113,063:8:2
Total	£442,670:13:8¼.

5,758:4:9¼.

3 - 2053 d 4

The

£7,500 The Contingent Fund of Seven thousand five hundred Pounds

£4000 and estimated cost of resurvey of railway lands, Four thousand Pounds, are both included in the amount for the intramural railway claim.

£90,000 Of this total of £442,670: 13: 8 1/4, a sum of Ninety thousand Pounds has to be repaid to the British Government, so that the balance accruing to the Railway Administration is £352,670: 13: 8 1/4.

This amount would be handed to them in four per cent bonds, if bonds were available, but the Chinese Government having up to the present refused to admit their liability to pay the indemnity in gold, it has been found impossible to issue the bonds. Your Lordship consequently authorised the payment of interest at four per cent. per annum in gold on an estimated capital of £347,000, and this has been done for the period from 1st January 1902 to 1st January 1904. It becomes necessary, therefore, to pay the difference between the interest on the estimated sum of £347,000 and the sum of £352,670: 13: 8 1/4 now finally arrived at, and I have the honour to solicit Your Lordship's sanction to my instructing the British Delegate at Shanghai to pay

this

this difference to the Administration.

There is a further point on which I should be glad to have Your Lordship's instructions.

The rate at which all theBritish private claims were
10 Tls 7 converted into Sterling was Ten dollars or Seven taels to
£1 the pound as the case might be. The railway claim was stated in sterling from the outset, but as it is in reality a claim on behalf of a Chinese Administration it appears to me doubtful whether interest should be paid in gold on this amount. The Chinese Government insists on paying in
3s. silver at the rate of Three shillings to the Haikwan Tael and if payment is made in gold, it may, owing to fluctuations in the price of silver, prove that His Majesty's Government is paying to this Chinese Administration more than it receives from the Chinese Government. It would appear, therefore, perfectly fair to convert the sum of £352,670: 13: 8 1/4 into Haikwan Taels at the rate of Three shillings, and thence forward to pay interest in Haikwan Taels as received by the British Delegate from the Chinese

financial

financial authority at Shanghai.

I have the honour to be,

With the highest respect,

My Lord,

Your Lordship's most obedient,

humble servant.

Ernest Satow

Northern Railways Claim.

List of further sums allowed.

	Claim of 4 April 1903.	Allowed. Inside wall	Allowed. Outside wall	Allowed. Total.	Remarks.
Included in Annex III in report enclosed in Sir E. Satow's despatch No 341, of 30, September 1903.					
British and Chinese Corporation,					
Telegrams -	2196 14 5	1084 13 2		1084 13 2	F.O. despatch No 370 of 4 Dec. 1903.
Macleland J.	45 . .	209 13 4		209 13 4	House allowance £ 45:0:0 5 months salary 164:13:4
Engstrom V.	174 . .		135 . .	135 . .	House allowance only. Salary claimed through and paid by Bureau of Diplomatic Body, and not included in Railway Claim.
Huckey T. W. T.	. . .	135 . .		135 . .	House allowance. The explanation seems reasonable.
Messrs. Irwin & Robertson	140 . .	141 8 7		141 8 7	7 months half pay £ 140:0:0 Shortage 1:8:7
Ginnell J.	256 3 4		341 0 4	341 0 4	made up of the following admissible under his agreement:- 1. Disbursement £ 12:17:0 2. Travelling allowance 16:10:0 3. Instrument allowance 20:0:0 4. Salary 5 months 291:13:4 £ 341:0:4 Disallowed:- Travelling because he received Tael 500 for the purpose. Loss on exchange £ 8:10:0.
Fraser Aurel	631 14 4	262 15 4½		262 15 4½	F.O. despatch No 398, of 31, Dec. 1903.
Jackson F. E.	131 13 4		206 16 -	206 16 -	made up of the following admissible under his agreement:- 6 months rates £ 200:0:0 Instrument allowance 5:0:0 pony allowance 1:16:0 206:16:0
Forward	3,575 13 5	1,833 10½	682 16 4	2,516 6 5½	

5 = 2055 d 4

Sir E. Satow
No 176. 2 Encls.
Recd July 4
Pol Dep
[Ref. F.O. No. 370 of 4 Dec. 03]
Northern Railway Claim: amount finally settled.

Peking (Office)
The claim has been reduced from Taels 2,465,2.8.6 to £ 1,442,6.7.0
The answers on the business in hand is now in Sir E. Satow's hands. It will be for him to say what is the amount claimed by Russia for the Northern Railway, and to present his arguments a the proposals made by the Russian bank representatives in Peking with regard to the Russian claim after the Administration is in the hands.
The proposal is the loan proposed does not seem to be fair to the Administration, the Russian Government claim a right to receive a certain amount, and the Administration claim a right to receive a certain amount.
Sir E. Satow
No 176.
Recd July 4
Pol Dep
[Ref. F.O. No. 370 of 4 Dec. 03]
Northern Railway Claim: amount finally settled.

I suppose, for the reasons given by Sir E. Satow, this proposal is from the Rly. claim of the note of 31 of the last month, as the copy of this note is all the information I have. This claim has been referred to Sir E. Satow, referred to the Bank to account of Russo-Chinese Bank, & a 3% rate. The Bank is a large creditor, & it would seem wisest to let them settle.
Feb 7/7.
I agree. To the Treasury as proposed.
Draft: Treasury. July 13. 04.
516 Ck. L.

List of further sums allowed. (continued)

	Claim of 4 April 1903.	Allowed Inside wall	Allowed outside wall	Allowed Total	Remarks.
Forward	3575 155	1333 10½	682 16 4	2016 6 3½	
Included in Annex IV.					
John Birch & Co.	262 10 .	. . .	. . .	. . .	Cancelled. They have been paid, and have not claimed interest.
Cox A.G.	100 . .		135 . .	135 . .	House allowance.
Leitch W.O.	1061 .		228 15	228 15 .	5 Months half pay £ 93:15:0 House allowance 135:0:0
Martin J.C.	123 4 8		212 18 4	212 18 4	5 Months half pay £ 93:15:0 Instrument allowance 6:13:4 House allowance 112:10:0 £ 212:18:4
Moore J	135 . .	135 . .		135 . .	House allowance.
Moorhead A.B.	66 3 4	130 8 4		130 8 4	5 Months half pay £ 41:13:4 Half passage 25:0:0 House allowance 63:15:0 8½ months £ 130:8:4
Rathnell W.	162 10 .	197 10		197 10 .	5 Months half pay £ 62:10:0 House allowance 135:0:0 £ 197:10:0
Ricketts D.P.	30 . .	190 16 8		190 16 8	5 Months half pay £ 45:16:8. 3 Months House allowance 65:0:0 £ 190:16:8
Roberts A.	129 . .	129 . .		129 . .	3 Months full pay £ 36:0:0 2 " half " 12:0:0 House allowance. 81:0:0 129:0:0
Whitehead A.	— . .	—		—	
	135 . .	175 . .		175 . .	2½ Months half pay £ 40:0:0 House allowance 135:0:0 £ 175:0:0
Gibson R.G.	48 6 8		83 6 8	83 6 8	5 Months half pay.
Griffith D.P.	104 3 4	183 6 8		183 6 8	5 Months half pay £ 104:3:4 5 " short payment 6:3:4 5 " House allowance 75:0:0 £ 183:6:8
Kreier Otto	60 . .	60 . .		60 . .	3 Months full pay. Claim not included in his private claim.
Norregard B.W.	93 15	93 15		93 15	5 Months half pay.
Palmer R.J.	465 .	. . .	. . .	. . .	Not heard from.
Forward	5178 19 5	3128 6 9½	1342 16 4	4471 3 1½	

6 - 2055 d4

List of further sums allowed. (continued)

	Claim of 4 April 1903	Allowed Inside wall	Allowed outside wall	Allowed Total	Remarks.
Forward	5178 45	3128 6¾	1342 16 4	4471 31¼	
Clarke C.	135 . .	95 . .		95 . .	5 Months full pay.
Clarke J.	75 . .	52 10 .		52 10 .	Should be:- 2 Months full pay £ 30:0:0 3 " half " 22:10:0 52:10:0.
Currie A.	650 . .	275 . .		275 . .	6 Months pay at £45:16:8.
Dunn E.C.A.	55 . .		90 . .	90 . .	5 Months pay.
Dorrell S.	90 . .	90		90 . .	F.O. No 10. 13, January, 1904.
Hancock G.W.	110 . .	110 . .		110 . .	5 Months pay.
Mackenzie A.C.	486 .		83 6 8	83 6 8	5 Months half pay.
Robbe O.	10 . .	. . . . .		. . .	Not heard from.
Stafford W.R.	920 .	. . . . .		. . .	Not heard from.
Strong J.	150 . .	. . . . .		. . .	deceased. his legal representatives have not been heard from.
Symonds T.	130 . .	130 . .		130 . .	5 Months full pay.
Terris R.	150 . .	180 . .		180 . .	6 Months full pay.
Tumber R.S.	2326	465 .		465 .	6 Months half pay.
Cheriff A.	. . .	135 . .		135 . .	9 Months house allowance.
Wright A.	. . .	. . . . .		. . .	Claim for 4 Months Salary lodged with H.M. Consul at Newchwang, not heard from since 19 December 1901.
Total	6897 17 11	4262 1 9¼	1516 3 .	5758 4 9¼	

Peking
May 1904.

Y = 2055 dL

Summary of Northern Railway Claim.

		claim of 4 April 1903.	Allowed: Inside wall	Allowed: outside wall	Allowed: Total.
		£ s d	£ s d	£ s d	£ s d
1	Jardine Matheson & Co. Statement A.	5,117 2 5	3,991 1 2		3,991 1 2
2	Thames Iron Works.	402 8 .		385 19 6	385 19 6
3	Faeron Daniel & Co.	175 19 10	175 19 10		175 19 10
4	John Birch & Co	262 10 .	. . .	. . .	. . .
5	Mackenzie & Co	756 13 4	756 13 4		756 13 4
6	American Trading Co	69 5 9	69 5 9		69 5 9
7	Arnold Karberg & Co	1,067 4 7		1,067 4 7	1,067 4 7
8	Ching Shau Bank.	452 . .		452 . .	452 . .
9	Foo Feng Bank.	148 . .		148 . .	148 . .
10	Buckleiter & Co. Cargo stored in Shanghai	4,350 14 5		4,350 14 5	4,350 14 5
11	Engineering Departments.	313,171 . .	209,161 . .	104,010 . .	313,171 . .
12	Advanced by British Govt.	90,000 . .	90,000 . .		90,000 . .
13	Losses at head office.	6,714 . .	6,714 . .		6,714 . .
14	Miscellaneous claims. Statement B.	1,088 11 6	588 11 6	470 . .	1,058 11 6
15	Staff - Statement C. ×	3,962 2 4	3,908 15 3	1,031 13 4	4,940 8 7
16	" Statement. D. ×	688 6 8	589 11 8	83 6 8	672 18 4
17	" Statement. E. ×	3,528 1 10	1,750 7 0½	1,064 9 8	2,814 16 8¼
18	Admiral Seymour's expedition.	402 . .	402 . .		402 . .
19	Contingent Fund.	7,500 . .	7,500 . .		7,500 . .
20	Nanpiao Mines.	8,990 1 5	. . .	. . .	. . .
21	Resurvey of Railway lands.	4,000 . .	4,000 . .		4,000 . .
	Total.	452,836 2 1	329,607 5 6½	113,063 8 2	442,670 13 8¼

† See Annex VIII Enclosed in To F.O. No. 361. of 30 Sept. 1903.

Encl. No. 1. in Mr. T. Bolton's No. 176. Peking 18 May 1904

Total of Northern claims allowed.

Hall

Statement (A.) Item No. 1.
Jardine Matheson & Co.

	Claim of 1st April 1903			Allowed. Inside Wall			Outside Wall			Total.		
	£	s	d.	£	s	d.	£	s	d.	£	s	d.
Materials lost				2,906	8	-				2,906	8	-
Telegrams.	5,117	2	5	1,084	13	2				1,084	13	2
Total.	5,117	2	5	3,991	1	2				3,991	1	2
18/-	?			?			?			?		

Statement B. Item No. 14.

Miscellaneous Claims.

	Claim of 6 April 1903.	Allowed. Inside wall	Allowed. outside wall	Allowed. Total
	£ s d	£ s d	£ s d	£ s d.
Bridge over Pei-ho.	317 12 .	317 12 .		317 12 .
Coal at Kao-pantzu.	120 . .		120 . .	120 . .
Kwo Haeng Chen.	35 14 6	35 14 6		35 14 6
Suen Ming yuó house.	350 . .		350 . .	350 . .
Tongshan Volunteer Corps.	200 . .	200 . .		200 . .
Men at Fengtai.	15 15 .	15 15		15 15 .
Indian Police.	49 10 .	19 10 .		19 10 .
Total.	1,088 11 6	588 11 6	470 . .	1,058 11 6.

Statement (C.) Item No 15.
Compensation to Stag.

	Claim of 4 Abit. 1903.	Allowed. Inside wall	Allowed. outside wall	Allowed. Total.
	£ s d	£ s d	£ s d	£ s d
Barber J.	190 . .	190 . .		190 . .
Cox A. G.	100 . .		135 . .	135 . .
Cheyne J. J.	185 . .		185 . .	185 . .
Engstran A.	174 . .		135 . .	135 . .
Foley J. E.	135 . .	135 . .		135 . .
Harris F. A.	222 10 .	222 10 .		222 10 .
Howard W. G.	249 11 8	249 11 8		249 11 8
Jamieson F. A.	239 3 4	239 3 4		239 3 4
Kitching F.	157 . .	157 . .		157 . .
Kinder C. W.	135 . .	135 . .		135 . .
Leitch W. A.	106 1 .		228 15 .	228 15 .
Martin J. C.	123 19 8		212 18 4	212 18 4
Marshall A. J. W.	289 3 4	289 3 4		289 3 4
Moffat J.	135 . .	135 . .		135 . .
Moore J.	135 . .	135 . .		135 . .
Moorhead A. B.	66 13 4	130 8 4		130 8 4
Macclelland J.	45 . .	209 13 4		209 13 4
Newmarch L. J.	260 . .	260 . .		260 . .
Rathuell W.	162 10 .	197 10 .		197 10 .
Rickerby J.	135 . .	135 . .		135 . .
Ricketts D. P.	30 . .	190 16 8		190 16 8
Rigby E. A.	100 . .		135 . .	135 . .
Roberts A.	129 . .	129 . .		129 . .
Sheriff A.	- . .	135 . .		135 . .
Tuckey T. W. T.	- . .	135 . .		135 . .
Forward	3,504 12 4	3,409 16 8	1,031 13 4	4,441 10 .

11 - 2055 d4

	claim of 4 April 1903.			Allowed								
				Inside wall			outside wall			Total.		
	£	s	d	£	s	d	£	s	d	£	s	d
Forward -	3,504	12	4	3,409	16	8	1,031	13	4	4,441	10	.
Wheeler A.	182	10	.	182	10	.				182	10	.
Witcomb A.	135	.	.	175	.	.				175	.	.
Messrs. Irwin & Robertson.	140	.	.	141	8	7				141	8	7
Total -	3,962	2	4	3,908	15	3	1,031	13	4	4,940	8	7

12 . 2055 d 4

Statement (D.) Item No 16.
Compensation to Staff.

	Claim of 4 April 1904	Allowed Inside Wall	Allowed Outside Wall	Allowed Total
	£ s d	£ s d	£ s d	£ s d
Brown A.A.	152 10 -	152 10 -		152 10 -
Dunn E.C.A.	83 6 8	. . .	. . .	. . .
Dixon A.	. . .	. . .	. . .	. . .
Gibson R.G.	48 6 8		83 6 8	83 6 8
Griffeth D.P.	104 3 4	183 6 8		183 6 8
Knowles G.S.	100 . .	100 . .		100 . .
Kreier O.	60 . .	60 . .		60 . .
Norregard B.H.	93 15 .	93 15 .		93 15 .
Palmer R.J.	46 5 .	. . .	. . .	. . .
Total -	688 6 8	589 11 8	83 6 8	672 18 4
15/2	7	7	7	7

13 - 2055 d4

Statement (E.) Item No 17.
Compensation to Staff.

	Claim of 4 April 1904	Allowed. Inside wall	Outside wall	Total.
	£ s d	£ s d	£ s d	£ s d
Bone T.	90 . .	90 . .		90 . .
Clarke C.	135 . .	95 . .		95 . .
Clarke J.	75 . .	52 10 .		52 10 .
Currie A.	650 . .	275 . .		275 . .
Dunn E. C. A.	55 . .		90 . .	90 . .
Dorrell H.	90 . .	90 . .		90 . .
Emmerson A.	112 10 .		147 10 .	147 10 .
Early W. H.	62 10 .	62 10 .		62 10 .
Franklin H.	92 10 .	92 10		92 10 .
Ginnell J.	256 13 4		341 0 4	341 0 4
Hurst F.	631 18 4	262 15 0¼		262 15 0¼
Hancock G. W.	110 . .	110 . .		110 . .
Hayle A. B.	93 15 .	131 5 .		131 5 .
Jackson J. E.	131 13 4		206 16 .	206 16 .
Mackenzie A. C.	48 6 .		83 6 8	83 6 8
Rabbe C.	10 . .			
Simmon G.	27 10 .		62 10 .	62 10 .
Statham E. E.	166 13 4		133 6 8	133 6 8
Plowman W.	100 . .	100 . .		100 . .
Packham R.	43 10 .	32 12 .		32 12 .
Stafford W. H.	92 10 .			
Strong J.	150 . .			
Terris R.	150 . .	180 . .		180 . .
Tumber R. S.	23 2 6	46 5 -		46 5 .
Symonds T.	130 . .	130 . .		130 . .
Wright A.				
Total –	3,528 1 10	1,750 7 0¼	1,064 9 8	2,814 16 8¼

14 – 2055 d 4

Northern Railway Claim.

	Inside wall			Outside wall			Total.		
Total of Annexes I and II. 30.9.03	325,365	3	9	111,547	5	2	436,912	8	11
Total of Annexes III and IV. as passed May, 1906.	4,242	1	9¼	1,516	3	.	5,758	4	9¼
Total —	329,607	5	6¼	113,063	8	2	442,670	13	8¼

15 - 2035 d4

Encl. No. 2.
in Sir E. Satow's
No. 176.
Peking 18th May 1904

Northern Railway Coin
as altered.

with
Satow's
176
May 18. 1904

Peking
20. 5. 04.

Dear China Department,

I think there is a clerical error in last page of Encl. No. 2 in Sir E. Satow's despatch No. 176 of 18 May 1904. It should be:-

	Inside	outside	Total
Total Amounts I + II.	—	—	436.912 8 11
		Int 18	
III + IV.			5.758 4 9¼
		Total	442670 13 8¼

Int 442671. 3. 8¼

Would you mind altering the figures please.

Yours sincerely
Chancery

No. 1.

Sir E. Satow to the Marquess of Lansdowne.—(Received July 4.)

(No. 176.)

My Lord, *Peking, May* 18, 1904.

WITH reference to your Lordship's despatch No. 370 of the 4th December, 1903, authorizing me to accept the amount of the claims in Annexes III and IV, arrived at by the Administration of the Imperial Railways of North China, if in each case it appears to be fair, I have the honour to inclose herewith to your Lordship a list showing the amount allowed in each case.

With regard to Messrs. Jardine and Matheson's claim for expenditure on telegrams, the item of 1,111*l.* 17*s.* 3*d.* has been deducted, and as I have received an assurance that the remainder of the expenditure, amounting to 1,081*l.* 13*s.* 2*d.*, was rendered necessary by the disturbances, it is included in the Table.

The claims of Dr. Fraser Hurst for 262*l.* 15*s.* 0¼*d.*, and Mr. H. Darrel for 90*l.*, which formed the subject of your Lordship's despatches No. 398 of the 31st December, 1903, and No. 10 of the 13th January last, respectively, have also been included.

The only other claim calling for special remark is that of Mr. A. Currie, forwarded in your Lordship's despatch No. 204 of the 9th October, 1902. I have allowed six months' salary in lieu of notice, at 45*l.* 16*s.* 8*d.* a-month, amounting to 275*l.*, and disallowed the claim for salary on leave.

The total of the various claims in Annexes III and IV, as passed, is 5,758*l.* 4*s.* 9¼*d.*

With regard to the claims of railway employés in items Nos. 15, 16, and 17 of the Railway Claim, after some correspondence with the Administration, on the 24th February last, I forwarded a list of all that had been passed up to that date, and suggested that they should be paid without further delay, and on the 25th March last I was informed that this had been done. I have now forwarded to the Administration a further list including the claims in the inclosed table, with the exception of Dr. Fraser Hurst and Mr. Dorrell, who have been paid, and I have requested that they should be settled without delay.

I have also informed the Administration that, as the following claimants have not appeared, their claims should be dealt with out of the contingent fund whenever they present themselves, namely:—

	£	s.	d.
R. J. Palmer	46	5	0
O. Robke	10	0	0
W. R. Stafford	92	10	0
Representative of J. Strong: A. Wright	150	0	0

In conclusion, I have the honour to inclose a summary of the railway claim, with five statements attached. The amounts finally settled, including the sum of 5,758*l.* 4*s.* 9¼*d.* above referred to, are therefore:—

	£	s.	d.
Inside wall	329,607	5	6¼
Outside wall	113,063	8	2
Total	442,670	13	8¼

The contingent fund of 7,500*l.* and estimated cost of resurvey of railway lands—4,000*l.*—are both included in the amount for the intramural railway claim.

Of this total of 442,670*l.* 13*s.* 8¼*d.*, a sum of 90,000*l.* has to be repaid to the British Government, so that the balance accruing to the Railway Administration is 352,670*l.* 13*s.* 8¼*d.*

This amount would be handed to them in 4 per cent. bonds, if bonds were available; but the Chinese Government having up to the present refused to admit their liability to pay the indemnity in gold, it has been found impossible to issue the bonds. Your Lordship consequently authorized the payment of interest at 4 per cent. per annum in gold on an estimated capital of 347,000*l.*, and this has been done for

the period from the 1st January, 1902, to the 1st January, 1904. It becomes necessary, therefore, to pay the difference between the interest on the estimated sum of 347,000*l.* and the sum of 352,670*l.* 13*s.* 8½*d.* now finally arrived at; and I have the honour to solicit your Lordship's sanction to my instructing the British Delegate at Shanghae to pay this difference to the Administration.

1.

There is a further point on which I should be glad to have your Lordship's instructions.

2.

The rate at which all the British private claims were converted into sterling was 10 dollars or 7 taels to the £, as the case might be. The railway claim was stated in sterling from the outset, but as it is in reality a claim on behalf of a Chinese Administration it appears to me doubtful whether interest should be paid in gold on this amount. The Chinese Government insists on paying in silver at the rate of 3*s.* to the Haikwan tael, and if payment is made in gold it may, owing to fluctuations in the price of silver, prove that His Majesty's Government is paying to this Chinese Administration more than it receives from the Chinese Government. It would appear, therefore, perfectly fair to convert the sum of 352,670*l.* 13*s.* 8½*d.* into Haikwan taels at the rate of 3*s.*, and thenceforward to pay interest in Haikwan taels as received by the British Delegate from the Chinese financial authority at Shanghae.

I have, &c.

(Signed) ERNEST SATOW.

Inclosure 1 in No. 1.

Northern Railways Claim.

LIST of further Sums allowed.

Item No.		Claim of the 4th April, 1903.	Allowed. Inside Wall.	Allowed. Outside Wall.	Allowed. Total.	Remarks.	
		£ s. d.	£ s. d.	£ s. d.	£ s. d.		£ s. d.
	Included in Annex III in Report inclosed in Sir E. Satow's despatch No. 341 *of the* 30*th September*, 1903—						
1	British and Chinese Corporation, telegrams	2,196 10 5	1,084 13 2	..	1,084 13 2	Foreign Office despatch No. 370 of 4th December, 1903.	
15	Maclelland, J.	45 0 0	209 13 4	..	209 13 4	House allowance	45 0 0
						5 months' salary	164 13 4
	Engstrom, V.	174 0 0	..	135 0 0	135 0 0	House allowance only. Salary claimed through and paid by Doyen of Diplomatic Body, and not included in railway claim.	
	Tuckey, T. W. T.	..	135 0 0	..	135 0 0	House allowance. The explanation seems reasonable.	
	Messrs. Irwin and Robertson	140 0 0	141 8 7	..	141 8 7	7 months' half-pay	140 0 0
						Shortage	1 8 7
17	Ginnell, J...	256 13 4	..	341 0 4	341 0 4	Made up of the following admissible under his agreement—	
						1. Disbursement	12 17 0
						2. Travelling allowance	16 10 0
						3. Instrument allowance	20 0 0
						4. Salary, 5 months..	291 13 4
							341 0 4
						Disallowed:—	
						Travelling because he received 500 taels for the purpose.	
						Loss on exchange	8 10 0
	Dr. Fraser Hurst	631 18 4	262 15 0¼	..	262 15 0¼	Foreign Office despatch No. 398 of 31st December, 1903.	
	Jackson, F. E.	131 13 4	..	206 16 0	206 16 0	Made up of the following admissible under his agreement—	
						6 months' notice	200 0 0
						Instrument allowance	5 0 0
						Pony allowance	1 16 0
							206 16 0
	Carried forward	3,575 15 5	1,833 10 1¼	682 16 4	2,516 6 5¼		

Item No.		Claim of the 4th April, 1903.	Allowed. Inside Wall.	Allowed. Outside Wall.	Allowed. Total.	Remarks.
		£ s. d.	£ s. d.	£ s. d.	£ s. d.	
	Brought forward	3,575 15 5	1,833 10 1¼	682 16 4	2,516 6 5¼	
	Included in Annex IV—					
4	John Birch and Co.	262 10 0	..	..	..	Cancelled. They have been paid, and have not claimed interest.
15	Cox, A. G.	100 0 0	..	135 0 0	135 0 0	House allowance. £ s. d.
	Leitch, W. O.	106 1 0	..	228 15 0	228 15 0	5 months' half-pay 93 15 0
						House allowance 135 0 0
	Martin, J. C...	123 19 8	..	212 18 4	212 18 4	5 months' half-pay 93 15 0
						Instrument allowance 6 13 4
						House allowance 112 10 0
						212 18 4
	Moore, J.	135 0 0	135 0 0	..	135 0 0	House allowance.
	Moorhead, H. B.	66 13 4	130 8 4	..	130 8 4	5 months' half-pay 41 13 4
						Half passage 25 0 0
						House allowance, 8½ months 63 15 0
						130 8 4
	Rathnell, W.	162 10 0	197 10 0	..	197 10 0	5 months' half-pay 62 10 0
						House allowance 135 0 0
						197 10 0
	Ricketts, D. P.	30 0 0	190 16 8	..	190 16 8	5 months' half-pay 145 16 8
						3 months' house allowance 45 0 0
						190 16 8
	Roberts, H.	129 0 0	129 0 0	..	129 0 0	3 months' full pay 36 0 0
						2 „ half-pay 12 0 0
						House allowance 81 0 0
						129 0 0
	Witcomb, A.	135 0 0	175 0 0	..	175 0 0	2½ months' half-pay 40 0 0
						House allowance 135 0 0
						175 0 0
16	Gibson, R. G.	48 6 8	..	83 6 8	83 6 8	5 months' half pay.
	Griffith, D. P.	104 3 4	183 6 8	..	183 6 8	5 months' half-pay 104 3 4
						5 „ short payment 4 3 4
						5 „ house allowance 75 0 0
						183 6 8
	Kreier, Otto	60 0 0	60 0 0	..	60 0 0	3 months' full pay.
						Claim not included in his private claim.
	Norregard, B. W.	93 15 0	93 15 0	..	93 15 0	5 months' half-pay.
	Palmer, R. J.	46 5 0	..	..	..	Not heard from.
17	Clarke, C.	135 0 0	95 0 0	..	95 0 0	5 months' full pay.
	Clarke, J.	75 0 0	52 10 0	..	52 10 0	Should be—
						2 months' full pay 30 0 0
						3 „ half-pay 22 10 0
						52 10 0
	Currie, A.	650 0 0	275 0 0	..	275 0 0	6 months' pay at 45 16 8
	Dunn, E. C. A.	55 0 0	..	90 0 0	90 0 0	5 months' pay.
	Dorrell, H.	90 0 0	90 0 0	..	90 0 0	Foreign Office despatch, No. 10, 13th January, 1904.
	Hancock, G. W.	110 0 0	110 0 0	..	110 0 0	5 months' pay.
	Mackenzie, A. C.	48 6 0	..	83 6 8	83 6 8	5 months' half-pay.
	Rabke, O.	10 0 0	..	..	..	Not heard from.
	Stafford, W. P.	92 10 0	..	..	..	„ „
	Strong, J.	150 0 0	..	..	..	Deceased. His legal representatives have not been heard from.
	Symonds, T.	130 0 0	130 0 0	..	130 0 0	5 months' full pay.
	Terris, R.	150 0 0	180 0 0	..	180 0 0	6 „ „
	Tumber, R. S.	23 2 6	46 5 0	..	46 5 0	5 „ half-pay.
	Sheriff, A.	..	135 0 0	..	135 0 0	9 months' house allowance.
	Wright, A.	..	..	..	..	Claim for 4 months' salary; lodged with His Majesty's Consul at Newchwang, not heard from since 19th December, 1901.
	Total .. .. £	6,897 17 11	4,242 1 9¼	1,516 3 0	5,758 4 9¼	

Peking, May 1904.

Inclosure 2 in No. 1.

SUMMARY of Northern Railway Claim.

	Claim of April 4, 1903.	Allowed.		
		Inside Wall.	Outside Wall.	Total.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1. Jardine, Matheson, and Co. Statement (A)	5,117 2 5	3,991 1 2	..	3,991 1 2
2. Thames Iron Works	402 8 0	..	385 19 6	385 19 6
3. Faeron, Daniel, and Co.	175 19 10	175 19 10	..	175 19 10
4. John Birch and Co.	262 10 0	..	..	..
5. Mackenzie and Co.	756 13 4	756 13 4	..	756 13 4
6. American Trading Company ..	69 5 9	69 5 9	..	69 5 9
7. Arnold, Karberg, and Co.	1,067 4 7	..	1,067 4 7	1,067 4 7
8. Ching Shau Bank	452 0 0	..	452 0 0	452 0 0
9. Foo Feng Bank	148 0 0	..	148 0 0	148 0 0
10. Buckheister and Co. Cargo stored in Shanghae	4,350 14 5	..	4,350 14 5	4,350 14 5
11. Engineering Departments	313,171 0 0	209,161 0 0	104,010 0 0	313,171 0 0
12. Advanced by British Government ..	90,000 0 0	90,000 0 0	..	90,000 0 0
13. Losses at head office	6,714 0 0	6,714 0 0	..	6,714 0 0
14. Miscellaneous claims. Statement (B)	1,088 11 6	588 11 6	470 0 0	1,058 11 6
15. Staff. Statement (C)*	3,962 2 4	3,908 15 3	1,031 13 4	4,940 8 7
16. „ „ (D)*	688 6 8	589 11 8	83 6 8	672 18 4
17. „ „ (E)*	3,528 1 10	1,750 7 0½	1,064 9 8	2,814 16 8½
18. Admiral Seymour's expedition ..	402 0 0	402 0 0	..	402 0 0
19. Contingent Fund	7,500 0 0	7,500 0 0	..	7,500 0 0
20. Nanpiao mines	8,980 1 5	..	..	..
21. Resurvey of railway lands	4,000 0 0	4,000 0 0	..	4,000 0 0
Total	452,836 2 1	329,607 5 6½	113,063 8 2	442,670 13 8½

* See Annex VIII, inclosed in to Foreign Office No. 341 of September 30, 1903.

Statement (A).—Item No. 1.

JARDINE, MATHESON, & CO.

	Claim of April 4, 1903.	Allowed.		
		Inside Wall.	Outside Wall.	Total.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Material cost..	..	2,906 8 0	..	2,906 8 0
Telegrams	5,117 2 5	1,084 13 2	..	1,084 13 2
Total	5,117 2 5	3,991 1 2	..	3,991 1 2

Statement (B).—Item No. 14.

MISCELLANEOUS CLAIMS.

	Claim of April 4, 1903.	Allowed.		
		Inside Wall.	Outside Wall.	Total.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Bridge over Pei-ho	317 12 0	317 12 0	..	317 12 0
Coal at Kao-pantzu	120 0 0	..	120 0 0	120 0 0
Kwo Hseng Chen	35 14 6	35 14 6	..	35 14 6
Suen Ming Yu's house..	350 0 0	..	350 0 0	350 0 0
Tongshan Volunteer Corps	200 0 0	200 0 0	..	200 0 0
Men at Feng-tai	15 15 0	15 15 0	..	15 15 0
Indian Police	49 10 0	19 10 0	..	19 10 0
Total	1,088 11 6	588 11 6	470 0 0	1,058 11 6

Statement (C).—Item No. 16.

COMPENSATION TO STAFF.

	Claim of April 4, 1903.	Allowed.		
		Inside Wall.	Outside Wall.	Total.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Barber, J.	190 0 0	190 0 0	..	190 0 0
Cox, A. G.	100 0 0	..	135 0 0	135 0 0
Cheyne, J. J...	185 0 0	..	185 0 0	185 0 0
Engstran, H...	174 0 0	..	135 0 0	135 0 0
Foley, J. E.	135 0 0	135 0 0	..	135 0 0
Harris, F. A...	222 10 0	222 10 0	..	222 10 0
Howard, W. G.	249 11 8	249 11 8	..	249 11 8
Jamieson, F. A.	239 3 4	239 3 4	..	239 3 4
Kitching, F...	157 0 0	157 0 0	..	157 0 0
Kinder, C. W.	135 0 0	135 0 0	..	135 0 0
Leitch, W. O.	106 1 0	..	228 15 0	228 15 0
Martin, J. C...	123 19 8	..	212 18 4	212 18 4
Marshall, H. J. W.	289 3 4	289 3 4	..	289 3 4
Moffat, J.	135 0 0	135 0 0	..	135 0 0
Moore, J.	135 0 0	135 0 0	..	135 0 0
Moorhead, H. B.	66 13 4	130 8 4	..	130 8 4
Maclelland, J.	45 0 0	209 13 4	..	209 13 4
Newmarch, L. J.	260 0 0	260 0 0	..	260 0 0
Rathnell, W...	162 10 0	197 10 0	..	197 10 0
Rickerby, J.	135 0 0	135 0 0	..	135 0 0
Ricketts, D. P.	30 0 0	190 16 8	..	190 16 8
Rigby, E. H...	100 0 0	..	135 0 0	135 0 0
Roberts, H.	129 0 0	129 0 0	..	129 0 0
Sheriff, A.	..	135 0 0	..	135 0 0
Tuckey, T. W. T.	..	135 0 0	..	135 0 0
Wheeler, A.	182 10 0	182 10 0	..	182 10 0
Witcomb, A...	135 0 0	175 0 0	..	175 0 0
Messrs. Irwin and Robertson	140 0 0	141 8 7	..	141 8 7
Total	3,962 2 4	3,908 15 3	1,031 13 4	4,940 8 7

Statement (D).—Item No. 16.

COMPENSATION TO STAFF.

	Claim of April 4, 1904.	Allowed.		
		Inside Wall.	Outside Wall.	Total.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Brown, H. H.	152 10 0	152 10 0	..	152 10 0
Dunn, E. C. A.	83 6 8	..	..	..
Dixon, A.	..	..	..	..
Gibson, R. G.	48 6 8	..	83 6 8	83 6 8
Griffeth, D. P.	104 3 4	183 6 8	..	183 6 8
Knowles, G. S.	100 0 0	100 0 0	..	100 0 0
Kreier, O.	60 0 0	60 0 0	..	60 0 0
Norregard, B. W.	93 15 0	93 15 0	..	93 15 0
Palmer, R. J.	46 5 0	..	..	..
Total	688 6 8	589 11 8	83 6 8	672 18 4

Statement (E).—Item No. 17.

COMPENSATION TO STAFF.

	Claim of April 4, 1904.	Allowed.		
		Inside Wall.	Outside Wall.	Total.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Bone, T.	90 0 0	90 0 0	..	90 0 0
Clarke, C.	135 0 0	95 0 0	..	95 0 0
Clarke, J.	75 0 0	52 10 0	..	52 10 0
Currie, A.	650 0 0	275 0 0	..	275 0 0
Dunn, E. C. A.	55 0 0	..	90 0 0	90 0 0
Dorrell, H.	90 0 0	90 0 0	..	90 0 0
Emmerson, A.	112 10 0	..	147 10 0	147 10 0
Early, W. H.	62 10 0	62 10 0	..	62 10 0
Franklin, H...	92 10 0	92 10 0	..	92 10 0
Gunnell, J.	256 13 4	..	341 0 4	341 0 4
Hurst, F.	631 18 4	262 15 0¼	..	262 15 0¼
Hancock, G. W.	110 0 0	110 0 0	..	110 0 0
Hoyle, A. B...	93 15 0	131 5 0	..	131 5 0
Jackson, J. E.	131 13 4	..	206 16 0	206 16 0
Mackenzie, A. C.	48 6 0	..	83 6 8	83 6 8
Rabke, O.	10 0 0	..	..	..
Simmon, G.	27 10 0	..	62 10 0	62 10 0
Statham, E. E.	166 13 4	..	133 6 8	133 6 8
Plowman, W.	100 0 0	100 0 0	..	100 0 0
Packham, R...	43 10 0	32 12 0	..	32 12 0
Stafford, W. R.	92 10 0	..	..	..
Strong, J.	150 0 0	..	..	..
Terris, R.	150 0 0	180 0 0	..	180 0 0
Tumber, R. S.	23 2 6	46 5 0	..	46 5 0
Symonds, T...	130 0 0	130 0 0	..	130 0 0
Wright, A.	..	..	..	..
Total	3,528 1 10	1,750 7 0¼	1 064 9 8	2,814 16 8¼

NORTHERN RAILWAY CLAIM.

	Inside Wall.	Outside Wall.	Total
	£ s. d.	£ s. d.	£ s. d.
Total of Annexes I and II, September 30, 1903	325,365 3 9	111,547 5 2	436,912 8 11
Total of Annexes III and IV, as passed May, 1904	4,242 1 9¼	1,516 3 0	5,758 4 9¼
Total	329,607 5 6¼	113,063 8 2	442,670 13 8¼

In the reply to this Letter the following Number should be quoted.

5855
04

TREASURY CHAMBERS,

25th May 1904.

Sir,

Adverting to your letter of the 28th March last and to previous communications respecting the Indemnity claim of the Imperial Railways of North China, the Lords Commissioners of His Majesty's Treasury direct me to convey to you, for submission to the Secretary of State for Foreign Affairs Their views as to the method of settlement with the British and Chinese Corporation as representing the proprietors of the Railways.

The settlement of the Railway claims would have been facilitated if an agreement had been reached between China and the Powers as to the basis of payment of the Indemnity, whereby Bonds of a marketable character could have been obtained from the Chinese Government. In default of any other arrangement, it would then have been open to His Majesty's Government to offer to the Corporation negotiable Bonds for the amount of the admitted claim. My Lords understand, however, that there is no near prospect of any agreement under which China would be able to issue Bonds which could be accepted by the Powers. But a settlement with the Corporation cannot be much longer postponed, as the next instalment of the Indemnity is expected to pay off the remainder of the private claims, and the further instalments

e Under Secretary of State,
Foreign Office.

Z - 1988 C01

No 176
May 18. 1904

Indemnity Claim of North China Railway

instalments will then be applicable to the discharge of the Government and the Corporation claims.

My Lords have considered the scheme put forward by Mr. Hillier for enabling the Corporation to borrow on the security of Bonds representing their share of the Indemnity payments. It appears to be an important condition for the successful working of that scheme that the Bonds which would be the past security for the loan should be in existence at the time of raising the loan. The prospects of the loan would be liable to be impaired by the absence of the Bonds. Apart from that difficulty, My Lords are doubtful as to the expediency of the Government undertaking the position of trustees of the security for the service of the loan.

The fact that the Railway claim was included as part of the Government's claim suggests that equality of treatment would be secured if the Corporation were paid their due proportion of each instalment of the Indemnity as received from China. My Lords recognise, however, that the long delay which would thus be entailed in completing the settlement of the claim would be prejudicial to the Railways as a commercial undertaking. On the other hand, the reasons which induced His Majesty's Government to discharge the small private claims out of the first instalment of the Indemnity are not applicable to the Railway interests, and it is not desirable that the Government should continue longer to forgo any receipt in respect of its own claim.

In

In these circumstances it appears to My Lords that a compromise may suitably be adopted. They propose, therefore, that each instalment of the Indemnity after the private claims have been disposed of should be divided equally between the Government and the Corporation. One half of each instalment would be paid to the Corporation until the amount of their claim has been discharged with interest; the other half of each instalment for the time being, and thereafter the whole of the future instalments would be paid over to the Exchequer or such other destination as Parliament may direct.

The amount at which the Railway claim is to be admitted does not yet appear to have been exactly determined. Items amounting to nearly £437,000 have been passed, and it is understood that very little remains to be added. Accordingly, My Lords take £440,000 as being approximately the probable total of the Railway claims, excluding the sum due to the Chinese Government for the extra-mural line. A half share of the Indemnity instalments should suffice to discharge the claim of £440,000 in the space of three years. Included in this total is the sum of £90,000 repayable by the Corporation to the War Office for repairs effected at the expense of Army Funds. As the cost of those repairs was charged by the War Office to a Suspense Account, which should be closed with as little delay as possible, it is desirable that the War Office should be recouped out of the first funds available. In return for an arrangement which will secure such prompt payment of the Railway claim, My

Lords

Lords are of opinion that the Corporation may fairly be required to apply their first receipts in reimbursement of the £90,000, with its share of interest, to the War Office. My Lords understand that interest on the £90,000 for the period during which the private claims have been under liquidation, is being held in reserve in the Indemnity Account. The interest so reserved should be paid over to the War Office from that Account when the proposed arrangement with the Corporation comes into force.

Although My Lords have assumed £440,000 as the provisional total of the Railway claim payable to the Corporation, it would seem to be necessary before the amount is finally admitted to know definitely the amount of the Chinese Government's payment to Russia for the extra-mural line. This payment is represented to have been approximately £150,000. But no conclusive evidence as to the payment and its precise amount appears yet to have been furnished. As the total sum included in the Indemnity claim for the extra-mural line was £300,000, the amount of the obligation to China should be definitely ascertained in order to make sure that the two claims in respect of that line do not together exceed a total of £300,000.

As regards the mode of settling for that obligation with the Chinese Government, My Lords are of opinion that a mere recognition of the liability on the part of His Majesty's Government should suffice for the present. Its ultimate liquidation might be left to form part of the final adjustments in respect of the British share of the

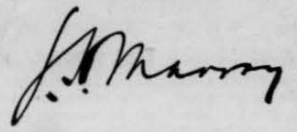
Indemnity

Indemnity. When satisfactory proof has been furnished by the Chinese authorities of the payment obtained from them by Russia, an undertaking could be given on behalf of His Majesty's Government to forgo an equivalent amount of the British share of the latest instalments of the Indemnity.

I am,

Sir,

Your obedient Servant,



No. 1.

Treasury to Foreign Office.—(Received May 26.)

Sir, *Treasury Chambers, May* 25, 1904.

ADVERTING to your letter of the 28th March last and to previous communications respecting the indemnity claim of the Imperial Railways of North China, the Lords Commissioners of His Majesty's Treasury direct me to convey to you, for submission to the Secretary of State for Foreign Affairs, their views as to the method of settlement with the British and Chinese Corporation as representing the proprietors of the railways.

The settlement of the railway claims would have been facilitated if an agreement had been reached between China and the Powers as to the basis of payment of the indemnity, whereby bonds of a marketable character could have been obtained from the Chinese Government. In default of any other arrangement, it would then have been open to His Majesty's Government to offer to the Corporation negotiable bonds for the amount of the admitted claim.

My Lords understand, however, that there is no near prospect of any agreement under which China would be able to issue bonds which could be accepted by the Powers. But a settlement with the Corporation cannot be much longer postponed, as the next instalment of the indemnity is expected to pay off the remainder of the private claims, and the further instalments will then be applicable to the discharge of the Government and the Corporation claims.

My Lords have considered the scheme put forward by Mr. Hillier for enabling the Corporation to borrow on the security of bonds representing their share of the indemnity payments. It appears to be an important condition for the successful working of that scheme that the bonds which would be the past security for the loan should be in existence at the time of raising the loan. The prospects of the loan would be liable to be impaired by the absence of the bonds. Apart from that difficulty, my Lords are doubtful as to the expediency of the Government undertaking the position of trustees of the security for the service of the loan.

The fact that the railway claim was included as part of the Government's claim suggests that equality of treatment would be secured if the Corporation were paid their due proportion of each instalment of the indemnity as received from China.

My Lords recognize, however, that the long delay which would thus be entailed in completing the settlement of the claim would be prejudicial to the railways as a commercial undertaking. On the other hand, the reasons which induced His Majesty's Government to discharge the small private claims out of the first instalment of the indemnity are not applicable to the railway interests, and it is not desirable that the Government should continue longer to forego any receipt in respect of its own claim.

In these circumstances it appears to my Lords that a compromise may suitably be adopted. They propose, therefore, that each instalment of the indemnity after the private claims have been disposed of should be divided equally between the Government and the Corporation. One half of each instalment would be paid to the Corporation until the amount of their claim has been discharged with interest; the other half of each instalment for the time being, and thereafter the whole of the future instalments would be paid over to the Exchequer, or such other destination as Parliament may direct.

The amount at which the railway claim is to be admitted does not yet appear to have been exactly determined. Items amounting to nearly 437,000*l.* have been passed, and it is understood that very little remains to be added. Accordingly, my Lords take 440,000*l.* as being approximately the probable total of the railway claims, excluding the sum due to the Chinese Government for the extra-mural line. A half share of the indemnity instalments should suffice to discharge the claim of 440,000*l.* in the space of three years. Included in this total is the sum of 90,000*l.* repayable by the Corporation to the War Office for repairs effected at the expense of army funds. As the cost of those repairs was charged by the War Office to a Suspense Account, which should be closed with as little delay as possible, it is desirable that the War

Indemnity claim of China Northern Rly:— Views as to method of settlement with Br & Chinese Corpns.

(Rd FO. 28 Mch/04)

25 R 26 May 1904

9/III

Peace (Admiralty)

For separate minute

Office should be recouped out of the first funds available. In return for an arrangement which will secure such prompt payment of the railway claim, my Lords are of opinion that the Corporation may fairly be required to apply their first receipts in reimbursement of the 90,000*l.*, with its share of interest, to the War Office.

My Lords understand that interest on the 90,000*l.* for the period during which the private claims have been under liquidation is being held in reserve in the Indemnity Account. The interest so reserved should be paid over to the War Office from that account when the proposed arrangement with the Corporation comes into force.

Although my Lords have assumed 440,000*l.* as the provisional total of the railway claim payable to the Corporation, it would seem to be necessary, before the amount is finally admitted, to know definitely the amount of the Chinese Government's payment to Russia for the extra-mural line. This payment is represented to have been approximately 150,000*l.* But no conclusive evidence as to the payment and its precise amount appears yet to have been furnished. As the total sum included in the indemnity claim for the extra-mural line was 300,000*l.*, the amount of the obligation to China should be definitely ascertained in order to make sure that the two claims in respect of that line do not together exceed a total of 300,000*l.*

As regards the mode of settling for that obligation with the Chinese Government, my Lords are of opinion that a mere recognition of the liability on the part of His Majesty's Government should suffice for the present. Its ultimate liquidation might be left to form part of the final adjustments in respect of the British share of the indemnity. When satisfactory proof has been furnished by the Chinese authorities of the payment obtained from them by Russia, an undertaking could be given on behalf of His Majesty's Government to forego an equivalent amount of the British share of the latest instalments of the indemnity.

I am, &c.

(Signed) G. H. MURRAY.

Treasury May 25. 04.

Indemnity Claim of Chinese Northern Railways.

The Treasury set aside Mr. Stillier's scheme owing to the dead-lock with regard to the fractional bonds. We have not succeeded in getting an answer from Russia through the French Government to the Belgian proposal, and the Treasury are therefore right.

May 25. 04

Indemnity Claim of the Chinese Ry.

Propose that after private claims are settled each individual State be equally divided between Govt. and Administration.

right in assuming that there is no present prospect of that dead-lock coming to an end.

They put forward instead what seems to be a very fair proposal which will if accepted result in the discharge of the claim of the Railway in three years. The suggestion that the £90,000 due from the Railway administration to War Office should be paid by the latter out of the first instalment also appears quite fair.

Before

Before any communication is made to the administration we must obtain from Sir E. Satow the final figure of the claim, which the £440,000 allowed by the Treasury will nearly cover, and we must again endeavour to ascertain what the claim of Russia for the Extra-mural Railway is.

There is, however, one point with which the Treasury letter does not deal. The original sum ~~[illegible]~~ ~~[illegible]~~ set aside for the payment of the claim for the Extra-mural

and

Extra-mural Railways was £800,000. Taking the sum of £440,000 allowed by the Treasury for the payment of the Administration to be correct, and adding £150,000 for the Russians, there will still remain £210,000 in our hands.

Q.[4] Send the letter to Sir E. Satow for his observations with a request for the final figures of the claim of the Administration, and information relative to the Prussian claim for the Extra-mural Railway.

Inform Treasury that this has been done, and remind them that some decision will eventually have to be ~~made~~ taken with regard to the balance of £210,000.

Drafts Sir E. Satow No. 167 } June 6. 04
Treasy.

L H.

Montgomery.

F.O.

June. 6. 1904.

301

Draft.

Sir. E. Satow.

No. 167

Sir,

With reference to Mr Townley's desp: No. 159. of April 22. 1903, I transmit to you, for any observations which you may have to offer, a copy of a letter from the Treasury conveying the views of the Lords Commissioners with regard to the method of settlement of the Indemnity claim of the Imperial Railways of N. China.

Treasury.

May. 25. 1904.

I request that you will also ascertain and report to me what are the final figures of the claim of

2-2023 £1 th.

the Railway Administration,
and that you will
furnish me with
any information which
you may be able to
obtain as to
the amount claimed by the
Russian government ~~claim~~ for
the extra-mural
railway.

Fel

H. Montgomery

F.O.

306

? June ~~May~~ 6. 1904.

Draft

Treasury.

Sir,

I am directed by the Marquess of Lansdowne to acknowledge the receipt of your letter (5855.04) of the 25th ultimo ~~in which~~ stating ~~you convey~~ the views of the Lords Commissioners of H.M. Treasury with regard to the method of settlement of the Indemnity Claim of the Imperial Railways of N. China.

I am to inform you

(Sir E. Satow No. 167 June. 6. '04)

Draft
Sir E. Satow
No 167
F.O. June 6 1904
(Ref. Mr Tenbey 159 (ds))

Indemnity Claim of N. China Imp.l Railways. Its copy Treasury May 25 for observ.ns. To report final figures of Claim & amount claimed by Russian Govt for extra-mural railway

Print (Y) 9/VI

409 cl. Eg.

you that a copy of your letter has been sent to H.M. Min.r at Peking for his observations, and that he has been requested to furnish information with regard to the final figures of the claim of the Railway Administration and the amount claimed by ~~of~~ the Russian Gov.t

Gov.t ~~Claim~~ regards to for the Extra-mural Railway.

I am to point out that, assuming the sum of £440,000, taken in your letter as approximately ~~for the Intra-mural and Extra-mural Railways was £800,000, and that after £440,000, the~~ the total of the Railway claims, to be correct, there will, after that sum and the £150,000 for the Russian claim have been deducted, still remain a balance of £210,000 out of the sum of £800,000 originally set aside for the payment of

£440,000

£150,000

£800,000

of the claims of the Intra-mural and Extra-mural Railways.

~~I am to remind~~ ~~you that~~ Some decision will eventually have to be taken with regard to the disposal of this balance, though their Lordships will probably be of opinion that the consideration of the question should be deferred pending a final settlement of the points above referred to.

FAC

Draft
Treasury
P.O. June 6 1904
(Reg. this day 25)

Indemnity Claim of N. China Imp.l Railways. Informs of the lds to dir. Estimt. Question of disposal of balance of 800,000 set aside for Railway Claims, after payment of latter.

Print (Yellow)

544 Ch. Com.

AFFAIRS OF CHINA.

CONFIDENTIAL.

[June 6.]

SECTION 2.

No. 1.

Foreign Office to Treasury.

Sir,

Foreign Office, June 6, 1904.

I AM directed by the Marquess of Lansdowne to acknowledge the receipt of your letter of the 25th ultimo, stating the views of the Lords Commissioners of His Majesty's Treasury with regard to the method of settlement of the indemnity claim of the Imperial Railways of North China.

I am to inform you that a copy of your letter has been sent to His Majesty's Minister at Peking for his observations, and that he has been requested to furnish information with regard to the final figures of the claim of the Railway Administration, and the amount claimed by the Russian Government for repairs, &c., to the extra-mural railway.

I am to point out that, assuming the sum of 440,000*l.*, taken in your letter as approximately the total of the Railway claims, to be correct, there will, after that sum and the 150,000*l.* for the Russian claim have been deducted, still remain a balance of 210,000*l.* out of the sum of 800,000*l.* originally set aside for the payment of the claims of the intra-mural and extra-mural railways.

Some decision will eventually have to be taken with regard to the disposal of this balance, though their Lordships will probably be of opinion that the consideration of the question should be deferred pending a final settlement of the points above referred to.

I am, &c.
(Signed) F. A. CAMPBELL.

In the reply to this Letter the following Number should be quoted.

10154
04

TREASURY CHAMBERS,

15th June 1904.

Sir,

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Campbell's letter of the 6th instant, respecting the settlement of the Indemnity Claims of the Imperial Railways of North China, in which it is pointed out that after the payment of these claims as now revised a balance of £210,000 will probably remain out of the sum originally set asidefor this purpose.

In reply I am directed to request that you will inform the Marquess of Lansdowne that in Their Lordships' opinion any payments by China in respect of the margin on the Railway and private Claims should be treated for the time being as accruing to His Majesty's Government. No further question about these payments need arise until it has been ascertained whether full payment will be forthcoming of the Government's own claim.

I am,

Sir,

Your obedient Servant,

E W Hamilton

The Under Secretary of State,
Foreign Office.

2-2023 91

LJB

AFFAIRS OF CHINA.

CONFIDENTIAL.

[June 16.]

SECTION 1.

No. 1.

Treasury to Foreign Office.—(Received June 16.)

Sir,

Treasury Chambers, June 15, 1904.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Campbell's letter of the 6th instant, respecting the settlement of the indemnity claims of the Imperial Railways of North China, in which it is pointed out that after the payment of these claims, as now revised, a balance of 210,000*l.* will probably remain out of the sum originally set aside for this purpose.

In reply, I am directed to request that you will inform the Marquess of Lansdowne that in their Lordships' opinion any payments by China in respect of the margin on the railway and private claims should be treated for the time being as accruing to His Majesty's Government. No further question about these payments need arise until it has been ascertained whether full payment will be forthcoming of the Government's own claim.

I am, &c.
(Signed) E. W. HAMILTON.

Treasury
R 15 June 1904
(Ref. P.O. June 6)
Indemnity Claims of Imp.l
North China Railways.
Balance of money set aside for these claims should be kept by H.M.G. until it is seen whether full payment is forthcoming of H.M.G's own claim.
Print (Cab.) 17/6
Letter to the Treasury June 16.
Q. the Chancellor
Repeat to Finance
Intimating this a Silver debt
936 Cl. Sec.

until war has made a
that means it is to sell
to have something in hand.
H.L.
That is so.
Feb

SIR JOHN WOLFE BARRY & PARTNERS.
SIR JOHN WOLFE BARRY, K.C.B.
C. A. BRERETON.
C. CRUTTWELL.
K. A. WOLFE BARRY.

21, Delahay Street,
Westminster, S.W. 311

29th June 1904.

My Lord,

Sir Ernest Satow writing under date May 3rd informs us that he has forwarded to your Lordship the communications he has received from the Administrators General of the Imperial Northern Railways of China on the subject of our account as to which we wrote to you on August 5th 1903.

We beg to send herewith copy of the reply which we are sending to Sir Ernest today.

We have the honour to be

Your Lordships obedient servants,

For Sir John Wolfe Barry and self.

A. J. Barry.

The Rt Honble
The Marquess of Lansdowne, K.G.
Secretary of State for Foreign Affairs,
Foreign Office,
S. W.

Recd 15, 18

COPY.

A.H.B.

TELEGRAPHIC ADDRESS "CONSILIUM, LONDON"
TELEPHONE NUMBER 24 WESTMINSTER.

312

21. Delahay Street.
Westminster, S.W.

17th June 1904.

REGISTERED.

Your Excellency,

We beg to acknowledge the receipt of your letter of the 3rd May with which you forwarded a copy of the reply from the Administrators General of the Imperial Northern Railways, and we note that you have referred the matter to the Marquess of Lansdowne requesting his lordship to instruct you thereon.

We do not quite understand why the Administrators General do not treat our account as a whole as we should have thou thought that they could not claim against the indemnity fund for any part of our charges unless they had actually paid them.

In the meantime, if it will not prejudice our case, perhaps you could arrange for the Administrators General to send us payment for the undisputed items (viz 1,2 & 5) of our claim.

We desire to remark with regard to the Administrations contention that a retainer lapses if the fee is not paid, that possibly in ordinary cases this would be so, but the fee claimed by us would be more correctly described as a retaining salary

inasmuch as it involved the carrying out of certain duties whereas an ordinary retaining fee merely secures that the person who receives it shall (if required to do so) render services for which he will be remunerated independently of the retaining fee. Moreover in the original negotiations between Chang Yi and ourselves it was understood that the appointment would remain in force for three years.

We are sending a copy of this letter to Lord Lansdowne.

We have the honour to be

Your Excellency's obedient Servants

(Signed) A.J.BARRY.

For Sir J.Wolfe Barry and self.

His Excellency

Sir Ernest Satow G.C.M.G.,

H.B.M. Legation,

PEKING.

PEKING,

June 21st, 1904.

225.

My Lord:-

In my despatch No. 176 of May 18th last, I reported that the total amount allowed for the Northern Railways Indemnity, in respect of both intra-mural and extra-mural sections, came to £442,670 : 13 : 8½, including the £90,000 to be repaid to the British Government for the advance made by them to the British Railway Administration for repairs of the line destroyed by the "Boxers". This total is made up of £329,607 : 5 : 6½ for the intra-mural and £113,063 : 8 : 2 for the extra-mural sections.

The amount included in the total of the British indemnity claim was £800,000, of which £500,000 was for the intra-mural, and £300,000 for the extra-mural portions of the line. Although the former of these two sums was included in the British Government claim, in order to avoid the appearance of a sudden augmentation of the British private claim,

The Marquess of Lansdowne, K. G.,

&c., &c., &c.,

2 - 2087 P.

claim, the two stand on precisely the same footing. The result is that the amount put down by us on account of the Northern Railways was £357,329 : 6 : 3¾ in excess of what was ultimately found to be due.

In paragraph 3 of the Treasury letter of February 6th, 1903, to the Foreign Office it is laid down that it will be proper to repay to the Chinese Government the amount paid, or to be paid, by them to the Russian Government for the repairs of the extra-mural line, within the maximum of £300,000. Up to the present date, however, the Chinese Government have not been informed by the Russian Government what this amount is. All they know is that the Russian Government have retained the sum, whatever it may be, out of the revenue of the Imperial Maritime Customs at Newchwang, of which, as Your Lordship is aware, no accounts have been furnished since the Russian military authorities took possession of that establishment in August, 1900.

I would suggest that it is not necessary to await the rendering of accounts by the Russian Government, but that it would be proper from now onwards to regard the balance

balance of the £300,000, remaining after deduction of the £113,063 : 8 : 2 due to the Railway Administration, as payable entirely to the Chinese Government. And similarly that the balance on the intra-mural claim should also be treated as belonging to the Chinese Government.

If the Lords of His Majesty's Treasury concur in this view, I would then propose that the aggregate of the two balances, amounting to £357,329 : 6 : 3¾, should be treated in the same manner as the amount payable to the Railway Administration, as recommended in my despatch above referred to; namely, that this sum of £357,329 : 6 : 3¾ should be converted into Haikwan taels at the rate of three shillings, and that the interest on this sum as received in silver by the British delegate on the Commission of Bankers, be remitted to the Chinese Government every half year.

It would be preferable, it seems to me, that this money should be remitted through His Majesty's Legation to the Central Government rather than that it should be simply repaid by the Manager of the Hongkong and Shanghai Bank at Shanghai to the Chinese financial authority there. If the latter course were adopted, there would be no security that the money would reach the Chinese Treasury, and His Majesty's Government would be deprived of the credit resulting from

from this act of justice.

I have the honour to be,

With the highest respect,

My Lord,

Your Lordship's most obedient,

humble Servant,

Ernest Satow

3 - 2087 Ps

No. 1.

Sir E. Satow to the Marquess of Lansdowne.—(Received August 15.)

(No. 225.)

My Lord, *Peking, June 21, 1904.*

IN my despatch No. 176 of the 18th May last, I reported that the total amount allowed for the Northern Railways indemnity, in respect of both intra-mural and extra-mural sections, came to 442,670*l.* 13*s.* 8¼*d.*, including the 90,000*l.* to be repaid to the British Government for the advance made by them to the British Railway Administration for repairs of the line destroyed by the "Boxers." This total is made up of 329,607*l.* 5*s.* 6¼*d.* for the intra-mural, and 113,063*l.* 8*s.* 2*d.* for the extra-mural, sections.

The amount included in the total of the British indemnity claim was 800,000*l.*, of which 500,000*l.* was for the intra-mural, and 300,000*l.* for the extra-mural, portions of the line. Although the former of these two sums was included in the British Government claim, in order to avoid the appearance of a sudden augmentation of the British private claim, the two stand on precisely the same footing. The result is that the amount put down by us on account of the Northern Railways was 357,329*l.* 6*s.* 3¾*d.* in excess of what was ultimately found to be due.

In paragraph 3 of the Treasury letter of the 6th February, 1903, to the Foreign Office, it is laid down that it will be proper to repay to the Chinese Government the amount paid, or to be paid, by them to the Russian Government for the repairs of the extra-mural line within the maximum of 300,000*l.* Up to the present date, however, the Chinese Government have not been informed by the Russian Government what this amount is. All they know is that the Russian Government have retained the sum, whatever it may be, out of the revenue of the Imperial Maritime Customs at Newchwang, of which, as your Lordship is aware, no accounts have been furnished since the Russian military authorities took possession of that establishment in August 1900.

I would suggest that it is not necessary to await the rendering of accounts by the Russian Government, but that it would be proper from now onwards to regard the balance of the 300,000*l.* remaining, after deduction of the 113,063*l.* 8*s*, 2*d.* due to the Railway Administration, as payable entirely to the Chinese Government. And similarly that the balance on the intra-mural claim should also be treated as belonging to the Chinese Government.

If the Lords of His Majesty's Treasury concur in this view, I would then propose that the aggregate of the two balances, amounting to 357,329*l.* 6*s.* 3¾*d.*, should be treated in the same manner as the amount payable to the Railway Administration, as recommended in my despatch above referred to—namely, that this sum of 357,329*l.* 6*s.* 3¾*d.* should be converted into Haikwan taels at the rate of 3*s.*, and that the interest on this sum, as received in silver by the British Delegate on the Commission of Bankers, be remitted to the Chinese Government every half-year.

It would be preferable, it seems to me, that this money should be remitted through His Majesty's Legation to the Central Government rather than that it should be simply repaid by the Manager of the Hong Kong and Shanghae Bank at Shanghae to the Chinese financial authority there. If the latter course were adopted, there would be no security that the money would reach the Chinese Treasury, and His Majesty's Government would be deprived of the credit resulting from this act of justice.

I have, &c.
(Signed) ERNEST SATOW.

Peking.
Sir E. Satow
No. 225
(To F.O. No. 176/04)
Rec.d Aug. 15
By Bag.

Northern Ry.: Indemnity: Suggestion of paying balance to Chinese Government.

Print (Chinese)

Mr. E. Satow has asked us to suggest action on this and a previous despatch about the Railway Indemnity until etc

Despatch which left Peking on the 21st of August.

When we have consulted the Treasury about the balance they said that it should be retained for the present.

C.A. Hart Dyke

Noted and consider it when the Peace Despatch comes. H.L.

June 21st. The amount of the indemnity

608 Ch. R.

PEKING,

June 27th, 1904.

231.

My Lord:-

I have the honour to forward a statement of the earnings and expenditure of the Imperial Railways of North China for the six months ending March 31st, 1904.

This statement shows a surplus of eight hundred and eighty-four thousand, eight hundred and fifty-nine dollars after deducting working expenses and interest on the loan contracted in 1898 for the extension of the line from Chung-hou-so to Newchwang and the branch to Hsin-min-tun.

The variations in the amounts debited monthly for interest on the loan are due to the rise and fall of the exchange value of the dollar, the interest on the loan being payable in gold.

From the figures given at pages 34 and 35 of the White Book China No. 2 (1899) it appears that the capital cost of the lines from Peking to Chung-hou-so and the railway

e Marquess of Lansdowne, K. G.,

&c., &c., &c.,

Peking June 27.
Mr. E. Fulton.
No. 225
Imperial Railways Admin.

railway property connected therewith was stated to be

sixteen million taels, or about two million, one hundred Tls.16,000,000

and thirty-three thousand, three hundred and thirty- £2,133,333

three pounds sterling at the rate of exchange then pre-

vailing. Taking the dollar at one shilling and ten pence 1/10

and assuming the present traffic returns to be main-

tained, the net profit of working the system for one

year would be one hundred and sixty-two thousand, two £162,224

hundred and twenty-four pounds sterling.

The balance of the indemnity due to the Administra-

tion for the damage done to the line in 1900, after de-

ducting about twenty-one thousand pounds sterling due to £21,000

employés and others whose claims still remain unpaid, is

rather over three hundred and thirty thousand pounds £330,000

sterling, forming a debt due from the Chinese Government

which bears interest at 4%, say thirteen thousand, two £13,200

hundred pounds sterling per annum. There should further

be added to the estimated income the interest, whatever

it may amount to, on the unexpended balance of the pro-

ceeds of the loan, still remaining in the hands of the

British

British and Chinese Corporation, and believed to amount to

some six hundred thousand pounds sterling.

Even without including the last item, the income on

its own capital actually invested by the Chinese Govern-

ment in the construction of this system of railways works

out, for the period referred to, to rather more than 8%.

I have the honour to be,

With the highest respect,

My Lord,

Your Lordship's most obedient,

humble Servant,

Ernest Satow

Sir E. Satow
No. 231.

Recd. Aug. 15.
By Pkg. 1 Encl:

North China Railways:

transmits Statement of Earnings & Expenditure for 6 months to March 31st.

The interest works out at rather more than 8 %.

Fal

614 Ch. L.

Imperial Railways of North China.

Statement of Earnings and Expenditure for 6 months ending 31/3/04.

ticulars	October		1903. November		December		January		1904. February		March		Total for 6 months		Notes.
nings.															
ide wall	316,706	37	329,788	46	337,042	04	264,866	69	228,957	55	289,342	73	1,766,703	84	The sharp rise in the Earnings O. wall is due in large measure to the war.
ide wall	83,949	79	144,015	25	167,042	60	177,443	04	126,105	85	215,606	35	914,162	88	
egraph	1,661	41	2,895	67	1,455	29	4,084	83	8,295	03	14,323	85	32,716	08	
litary	10,790	25	7,137	36	5,612	89	7,340	66	7,150	18	6,109	32	44,140	66	
Earnings.	413.107	82	483,836	74	511.152	82	453.735	22	370.508	61	525382	25	2.757.723	46	
ing Expenses	221,938	25	249.133	27	189.167	67	158,303	79	190.952	68	242.978	28	1.252.473	94	
t on Loan	101,939	76	104.301	89	110.257	03	102,137	31	97,597	88	104.155	84	620.389	71	
Total.	323,878	01	353.435	16	299.424	70	260.441	10	288.550	56	347.134	12	1.872.863	65	
nings.	89,229	81	130,401	58	211.728	12	193.294	12	81.958	05	178.248	13	884.857	81	
t of working to Earnings	53 %		51 %		37 %		34 %		51 %		46 %		45 %		

(signed) Wm Henderson
Chief Accountant.

Montgomery.

F.O.

321

July. 2. 04.

Draft

J. Wolfe Barry & Partners.
21. Delahay Street.
S. W.

Gentlemen.

I am directed by the Marquess of Lansdowne to acknowledge the receipt of your letter of the 17th ultimo enclosing a copy of a letter which you have addressed to H.M. Min^r. at Peking on the subject of your claims against the Chinese Railway Administration.

I am to inform you that the matter in

in dispute does not appear to be one in which Lord Lansdowne can properly intervene.

Draft
Sir J. H. Barry & Partners
F.O. July 2 1904
(Refs their letters)
Their Claims agst Chinese Railway Administration
Cannot intervene

644 C. 2

H. Montgomery.

F.O. 322
July. 6. 1904.

Draft.
Sir E. Satow.
No 203.

Sir,

I have received your desp: No 154. of May. 2 on the subject of the claims advanced by Messrs Barry against the Chinese Railway Administration.

In view of the opinion expressed by the Acting Crown Advocate at Shanghai you should not continue to press the claim for retaining fees

firs" advanced under head 3.

The case, as a whole, does not appear to me to be one in which it is desirable that H. M. Legation should intervene ~~more than~~ except in so far as may be ~~absolutely~~ necessary ~~with~~ having regard to the action which has already been taken in the matter.

FAB

H. Montgomery

F.O. 324

July. 13. 1904

Blackwell

Draft,

Treasury.

Print (China)

Sir. E. Satow.

No 176. May. 18. 1904.

Sir,

With reference to my letter of the 6th ultimo, I am directed by the Marquess of Lansdowne to transmit to you, to be laid before the Lords Commissioners of the Treasury, ~~a copy~~ of a despatch from H.M. Minr at Peking 2 - 2055 m

Sir E. Satow
No 203
F.O. 6 July 1904
(Ref his 157 of 2 May 04)

Messrs Bertry's Claims agst Chinese Rly Admin^n

Stat not been put retaining fees not intervene more than necessary having regard to action already taken.

462 Cl. Bon.

on the subject of the Claim of the Administration of the Imperial Railways of North China for Compensation on account of losses sustained by them in consequence of the Boxer disturbances in 1900.

Sir E. Satow encloses a Summary of the claims, as finally allowed, amounting to £ 442,670. 13. 8¼. Of this total a sum of £ 442,670 . 13.

ninety

£ 90,000.

£ 352,670. 13. 8¼.

£ 347,000

£ 352,670 . 13 . 8¼

ninety thousand pounds has to be repaid to H.M. Govt. so that the balance accruing to the Railway Administration is £ 352,670 . 13 . 8¼

Sir E. Satow points out that it will be necessary to pay to the Administration the difference between the interest on £ 347,000, the sum originally estimated, and the interest on £ 352 670 . 13 . 8¼, and he requests sanction to instruct the British Delegate

Delegate to pay this difference to the Administration. Lord Lansdowne proposes, Should the Lords Commissioners see no objection, to authorize H.M. Min^r to instruct the British Delegate accordingly.

With regard to the suggestion contained in the concluding para: of Sir R. Salow's desp: that the amount awarded to the Railway Administration

Administration should be converted into Haikwan Taels at the rate of 3 shillings, and that thenceforward interest should be paid in Haikwan Taels as received by the British Delegate from the Chinese financial authority at Shanghai, Lord Lansdowne doubts whether ~~does not consider that~~ such an arrangement would

3/-

would be fair to the Railway Administration. H.M. Govt. have recognized their right to receive a certain sum in Sterling, in which the claim ~~and there~~ has been exclusively referred to in the correspondence with the British & Chinese Corporations & seems to be no reason why they should not receive a full 4% on the money, until the Claim is discharged, 4%

in

in the same way as H.M. Govt. receive 4% on ~~in~~ the amount of the Govt. Claim. In this connexion it must be borne in mind that the Chinese Govt. are only being credited with the Sterling equivalents of the payments made by them, at the current rate of exchange.

Fab

It is requested that the enclosures in the despatch, which are forwarded in original, may be returned to this Dept. when done with.

AFFAIRS OF CHINA. [July 13.]

CONFIDENTIAL. SECTION 1.

No. 1.

Foreign Office to Treasury.

Sir, *Foreign Office, July* 13, 1904.

WITH reference to my letter of the 6th ultimo, I am directed by the Marquess of Lansdowne to transmit to you, to be laid before the Lords Commissioners of the Treasury, a despatch from His Majesty's Minister at Peking,* on the subject of the claim of the Administration of the Imperial Railways of North China for compensation on account of losses sustained by them in consequence of the Boxer disturbances in 1900.

Sir E. Satow incloses a summary of the claims, as finally allowed, amounting to 442,670*l.* 13*s.* 8¼*d.* Of this total a sum of 90,000*l.* has to be repaid to His Majesty's Government, so that the balance accruing to the Railway Administration is 352,670*l.* 13*s.* 8¼*d.* Sir E. Satow points out that it will be necessary to pay to the Administration the difference between the interest on 347,000*l.*, the sum originally estimated, and the interest on 352,670*l.* 13*s.* 8¼*d.*, and he requests sanction to instruct the British Delegate to pay this difference to the Administration. Lord Lansdowne proposes, should the Lords Commissioners see no objection, to authorize His Majesty's Minister to instruct the British Delegate accordingly.

With regard to the suggestion contained in the concluding paragraph of Sir E. Satow's despatch that the amount awarded to the Railway Administration should be corrected into Haikwan taels at the rate of 3*s.*, and that thenceforward interest should be paid in Haikwan taels as received by the British Delegate from the Chinese financial authority at Shanghae, Lord Lansdowne doubts whether such an arrangement would be fair to the Railway Administration. His Majesty's Government have recognized their right to receive a certain sum in sterling, in which the claim has been exclusively referred to in the correspondence with the British and Chinese Corporation, and there seems to be no reason why they should not receive a full 4 per cent. on the money, until the claim is discharged, in the same way as His Majesty's Government receive 4 per cent. on the amount of the Government claim. In this connection it must be borne in mind that the Chinese Government are only being credited with the sterling equivalents of the payments made by them, at the current rate of exchange.

I am, &c.

(Signed) F. A. CAMPBELL.

* Sir E. Satow, No. 176, May 18, 1904.

Treasury
F.O.
13 July 1904
(Reg F.O. 6 June 04)

Claim of Imp. N. China Rly. Admin. for losses in Boxer disturb. resp. of 1900

Treaty Sir E. Satow 18/7/04
18/May/04. Proposes to exchange sum to instruct Br. delegate to pay difference between Pounds & Gov. estimate of 4 on total amount. Question of interest conversion of amount worked to Haikwan tls.

Print (Affairs) 1647

696 Ch. D.

Treasury
July 13. 04
Intervening Claim of
N. China R.

271.

PEKING,

July 28th, 1904.

My Lord:-

I have the honour to acknowledge the receipt of Your Lordship's despatch No. 176 of June 13th, forwarding a copy of a despatch from His Majesty's Ambassador at Washington.

In the extract from the "New YorkSun" forwarded by Sir Mortimer Durand I notice that the writer of the article shares a common error in supposing the railway from Peking to Yinkow to be the property of a British Company.

The status of the railway in question is briefly this: The Chinese built the portion of the line inside the wall, i.e. from Peking to Shanhaikwan, with capital raised by themselves. When they desired to extend the railway to Yinkow (Newchwang) they found that they could not raise sufficient capital and negotiated a loan through the Hongkong & Shanghai Bank. As security for this loan the bond-

holders

Marquess of Lansdowne, K.G.
etc. etc

bondholders were given a mortgage on that portion of the line already constructed, namely the section inside the wall between Peking and Shanhaikwan, and a further mortgage on the earnings of the extension to be constructed beyond the wall to Yinkow, but they hold no mortgage on the actual line itself beyond the wall.

I have the honour to be,

With the highest respect,

My Lord,

Your Lordship's most obedient,

humble Servant,

Ernest Satow

P E K I N G ,

28, July, 1904.

.273

My Lord,

I have the honour to report that as the Railway Administration were delaying the payment of the employees' claims to which I referred in my despatch Number 176 of the 18th May last, I enquired when payment was to be made. On the 6th Instant I was informed that payments amounting to three fourths of the sum had been made by the Administration, and that the balance would be paid as soon as the present addresses of the claimants could be ascertained.

As a result of further correspondence with the Administration , they have agreed to pay off the other claims of a private nature, as shewn in the enclosure to
II,396:18:7. this despatch, amounting to Eleven thousand three hundred and ninety-six pounds eighteen shillings and seven pence.

The remaining items in the claim, with exception of

Peking. 28 July.
Sir E. Satow.
No 271.
Reg. F.O. 176/04.
Rec. Sept 12.
Northern railways of China
explains status of.

Print (Chinese)

The line is not the property of a British Co. the action for its construction was raised through the Hongkong and Shanghai Bank and the British Consul has, as security, his gun a mortgage on the line from Peking to Shanhaikwan and on the earnings of the section beyond that Kowtung.

Comm.
P.O. R.K.R. Rec. the F.O.

to note the "No Foreign" & Sir E. Satow's insight have given us explicit for defeating the information he gives us.
Feb 6

0,000. of that for Ninety thousand pounds, advanced by British Government, relate exclusively to railway matters.

I have the honour to be,

with the highest respect,

My Lord,

Your Lordship's most obedient,

humble servant,

Ernest Satow

BRITISH LEGATION,

PEKING.

LIST OF PRIVATE CLAIMS.

Item	Annex		£		
I	II & III	Jardine Matheson, goods and telegrams	3,991	I	2
2	II	Thames Iron Works	385	I9	6
3	I	Faeron Daniel & Co	I75	I9	I0
4	-	Cancelled.	-	-	-
5	I	Mackenzie & Co.	756	I3	4
6	I	American Trading Co.	69	5	9
7	I	Arnold Karberg & Co.	I,067	4	7
8	I	Ching Shan Bank	452	0	0
9	I	Fee Feng Bank	I48	0	0
I0	I	Buchheister & Co.	4,350	I4	5
		Total	£II,396	I8	7

Peking. 28 July.
Sir E. Satow
No 273.

Ref. to F.O. 176/04
Rec'd. 7 Sept 12. 1 Encl.

Northern Ry. Indemnity: settlement of employees and private claims.

Print
Treasury

711 Ch. R.

CONFIDENTIAL. SECTION 3.

No. 1.

Sir E. Satow to the Marquess of Lansdowne.—(Received September 12.)

(No. 273.)

Peking, July 28, 1904.

My Lord,

I HAVE the honour to report that as the Railway Administration were delaying the payment of the employés' claims, to which I referred in my despatch No. 176 of the 18th May last, I inquired when payment was to be made. On the 6th instant I was informed that payments amounting to three-fourths of the sum had been made by the Administration, and that the balance would be paid as soon as the present addresses of the claimants could be ascertained.

As a result of further correspondence with the Administration, they have agreed to pay off the other claims of a private nature, as shown in the inclosure to this despatch, amounting to 11,396*l.* 18*s.* 7*d.*

The remaining items in the claim, with exception of that for 90,000*l.*, advanced by British Government, relate exclusively to railway matters.

I have, &c.

(Signed) ERNEST SATOW.

Inclosure in No. 1.

LIST of Private Claims.

Item.	Annex.	Claimants.	Amount. £	s.	d.
1	II and III	Jardine, Matheson, goods and telegrams .	3,991	1	2
2	II	Thames Iron Works	385	19	6
3	I	Faeron, Daniel, and Co.	175	19	10
4	..	(Cancelled).	..		
5	I	Mackenzie and Co.	756	13	4
6	I	American Trading Company	69	5	9
7	I	Arnold Karberg and Co.	1,067	4	7
8	I	Ching Shan Bank	452	0	0
9	I	Foo Feng Bank	148	0	0
10	I	Buchheister and Co..	4,350	14	5
		Total	11,396	18	7

In Sir E. Satow No 273. 28 July. 1904.

THE BRITISH AND CHINESE CORPORATION. LIMITED.

3, Lombard Street, London, E.C.

July 30th. 1904.

Francis A. Campbell Esq., C. B.

Foreign Office, S. W.

Sir,

IMPERIAL RAILWAYS OF NORTH CHINA.

PAYMENT OF THE PRINCIPAL AMOUNT OF INDEMNITY.

We beg leave to inform you that the Railway Administration express a fear that when payment of the above named indemnity is made to them in Bonds, the market price of the Bonds will be considerably less than their face value and Director Liang takes the view that the Railway Administration cannot therefore well ask the various parties on whose behalf claims have been made and substantiated to accept Bonds in settlement.

Neither under the circumstances mentioned below does Director Liang consider the loss should fall upon the Railway Administration.

Director Liang understands that the claims already admitted and those still under investigation will not by any means absorb the whole of the sum originally ear-marked and set aside by H. B. M. Government in respect of the General claim of the Railway Administration and Director Liang suggests that the difficulty might be met by H. B. M. Government making good to the Railway Administration out of the surplus any loss the Administration would otherwise have to suffer through converting the Indemnity Bonds into cash to satisfy the various claims.

2.

The foregoing is the case the Railway Administration have asked us to place before the Foreign Office and we beg leave to request the favour of it's consideration by the Marquess of Lansdowne.

The merit of the case appears to us to rest upon the assumption that the sum claimed and set aside by H. B. M. Government will not be absorbed by the various claims and that the surplus, being prima facie the property of the Chinese Government, might properly be applied to meeting the difference between the face and actual value of the Bonds which will be appropriated to the settlement of the various claims.

The facts are only partially within our knowledge and in supporting the request for consideration by the Railway Administration we do so subject to the facts being as stated by the Railway Administration.

We are,

Sir,

Your obedient Servants,

THE BRITISH & CHINESE CORPORATION, LIMITED.

per. W. M. Leverich

Chairman.

3 = 208 y a 4

B. & C. Corporation July 30/04

337

N. China Railway Indemnity Claim

No agreement has yet been arrived at with regard to the issue of bonds nor is there any present prospect of one.

The Treasury have proposed a method of settling the Railway claim by an equal division between

930 July
R 1 August 1904

N. China Railway Indemnity
Can be settled by Railway Administration Pet when payment is made in Bonds
Pet (Pet Paint) Tel to Confidential Can Pet
Market (Pet)
ack. Ans
Pet (Clerk)
See Parliamentary

1844 CL Room

between the Govt. and the Administration of the future instalments received from the Chinese Govt. By this method the Railway Indemnity will be paid off in about three years.

We have referred the Treasury letter to Sir E. Selwin for observations and for information with regard to one of the two points.

Qd. Send this letter to the Treasury and propose to reply that no agreement as to the issue of bonds has yet been arrived at, but that whenever the bonds are issued the Corporation's representations will be borne in mind. Propose to add that we are in communication with the Treasury with regard to the settlement of the claim of the Administration and hope shortly to be in a position to

Communicate with the Corporation further on the subject.

Dft. Treasury Aug 9. 1904.

No. 283.

PEKING,

August 4th, 1904.

My Lord:-

I have the honour to acknowledge receipt of Your Lordship's despatch No. 167 of June 6th transmitting, for any observations which I may have to offer, copy of a letter from the Treasury conveying the views of the Lords Commissioners with regard to the method of settlement of the Indemnity Claim of the Imperial Northern Railways of North China. Your Lordship instructs me further to ascertain and report what are the final figures of the claim of the Railway Administration and to furnish any information which I may be able to obtain as to the amount claimed by the Russian Government for the extra-mural railway.

On the last two points I have already had the honour to furnish a detailed report in my despatches No. 176 of May 18th, and No. 225 of June 21st, and incidentally I also made some suggestions with regard to a method of settlement

To Marquess of Lansdowne, K.G.

etc. etc. etc.

settlement of the Indemnity Claim which appeared to me just and equitable under the circumstances. The Treasury letter of May 25th seems, however, to call for some further observations.

Their Lordships in speaking, in paragraph 1, of the British and Chinese Corporation as representing the proprietors of the Railways are apparently under a misconception as to the actual position of these Railways and the relation in which the Corporation stands to them.

The Railways are in fact the property of the Chinese Government, but the intra-mural portion has been hypothecated to the holders of the bonds issued for the loan of £2,300,000 negotiated in 1898 by the Corporation for the construction of the extra-mural portion consisting of the line from Shanhai-Kwan to Newchwang (Yingkow) and the extension to Hsin-min-ting. The Corporation are not the representatives of the proprietors of these Railways, and they are not even legally the representatives of the bondholders, though they have been allowed by His Majesty's Government to act as if they were

in

in that position.

In addition to the intra-mural portion, the earnings of the extra-mural line have been hypothecated to the bondholders as a further security for the payment of interest and amortization of the bonds.

The Railways having been damaged in the course of the 'Boxer' outbreak, all that the bondholders were legally entitled to claim was that the security for the loan should be replaced by the Chinese Government in the same condition as it was in before the outbreak which diminished its value. In order to ensure this being effected, a total sum of Eight hundred thousand pounds was inserted in the British Indemnity Claim, to be applied to the repairs under proper supervision. In this £800,000 was included a sum of Ninety thousand pounds advanced by His Majesty's Government to the British Railway Administration, which was expended under the superintendence of the British Military Officers placed in charge of the intra-mural portion after it was recovered from the Russian and German Military Authorities (who had taken possession in 1900). The

necessary

necessary repairs were carried out by means of the advance above mentioned, as far as it went, and also out of surplus income, while at the same time the interest on the railway loan bonds was punctually met out of the revenue by the British Railway Administration. The extra-mural portion was partially repaired by the Russian Military Authorities who are understood to have recouped themselves for their outlay by appropriating the Newchwang Customs revenue. It is not necessary for the purpose of the present despatch to inquire what was the amount so expended or appropriated.

In my despatch No. 231 of June 27th I had the honour to furnish the figures of income for the six months from October 1903 to March 1904, showing that the Railways are now in a highly flourishing condition, and it may fairly be inferred that as far as their earning capacity is concerned they are actually in as good a condition as they were previous to the outbreak. There is consequently, in my opinion, no urgent necessity for making special arrangements for the payment to the Chinese Railway Administration of the capital sum due on account of the Indemnity.

It is the Chinese Railway Administration, reconstituted in

in 1902 with the addition of a nominee of the British and Chinese Corporation to the Board (see my despatch No. 120 Confidential of May 3rd, 1902) which is entitled to handle the sum finally ascertained to be due on account of the Railway Indemnity, and this view has already been recognized by His Majesty's Government when they authorized the payment to that Administration of interest at 4 % per annum on the amount provisionally estimated, namely Three hundred and forty seven thousand pounds, to which allusion was made in my despatch No. 176 of May 18th. As shown in that despatch the correct amount finally arrived at is Three hundred and fifty two thousand, six hundred and seventy pounds, thirteen shillings and eightpence farthing.

47,000

352,670. 13.8¼

In my despatch No. 225 of June 21st I suggested that after providing for the payment of interest on this sum and on the £90,000 due to the War Office, the balance of interest should be repaid to the Chinese Government. But in the Treasury letter of May 25th, it is proposed, with regard to repayment to the Chinese Government of the amount paid

paid by them to Russia for repairs of the extra-mural line (the amount of which we have not yet been able to ascertain) that a mere recognition of the liability on the part of His Majesty's Government should suffice for the present, and that its ultimate liquidation might be left to form part of the final adjustments in respect of the British share of the Indemnity. If this procedure is adopted, I would beg leave to withdraw my suggestion as to the balance of the £800,000, and to recommend that it should be treated in precisely the same manner as the unascertained sum which the Russians have charged on account of the extra-mural line. That is to say, that since the Chinese Government are perfectly well aware that the whole Indemnity for the Railway was fixed at £800,000, we should give them a formal recognition that the service on the balance is due to them, but that it will be retained for the purpose of making up the difference between the silver payments made by them and the gold payments to which we are entitled by the Protocol, and credited to them in an "Exchange Adjustment Account". This would have the advantage of

of making it clear to them that while treating the Chinese Railway Administration exactly as the Chinese Governments treats the Powers, we still maintain the view that the Indemnity is a gold obligation.

It should be noted that an oversight was committed when I recommended to Your Lordship the payment of interest at 4 % on the amount of the Railway Indemnity as provisionally estimated (see my telegram No. 257 of November 19th, 1903). As the amortization begins on Januray 1st 1902, and there are also arrears of interest for the last half of 1901, the payment to be made should have been somewhat in excess of 4 %. It is, however, of no practical importance, in view of what I propose below as to the adjustment of the account, and I mention it only for the purpose of greater exactitude.

The Shanghai Taotai, while insisting that he has only to pay silver Taels, does not act in exact accordance with the table which forms Annex 13 to the Protocol. He maintains that he is entitled to receive interest from the Banks on the monthly payments which he makes in virtue of Article VI (d) of the Protocol. This point has not yet been

been arranged, and consequently he declines to pay interest on the arrears for 1901, simply paying Taels 1,500,000 each half year. This ought to bring his annual payment for the first three years up to 21,829,500 Taels (composed of 18,000,000 Taels, being 4 % interest on 450,000,000 Taels, one third of arrears of interest for 1901, i.e. 3,000,000 and amortization 829,500), but as an actual fact he pays 21,840,000 Taels (which is easier to divide into twelve equal instalments approaching a round number), or 4.8533 of 450,000,000 Taels, the silver equivalent of the Indemnity. After July, 1905, the term allowed for the payment of the 1901 arrears, the above annual payment, if continued on the same basis, will be reduced to 18,840,000 Taels or 4.1868 of the Silver Indemnity.

If, therefore, His Majesty's Government should approve of payments being made to the Chinese Railway Administration on the exact basis of the payments made to them by China, it would seem that the Administration should receive for the first three years 4.8533 per annum on the silver equivalent of

of the claim as finally allowed, converted at the rate of three shillings per Haikuan Tael. This rate would be reduced to 4.1868 for the subsequent years up to 1910, and would be again augmented from time to time as the rate of amortization increased (see Table of Amortization attached to the Protocol).

If, for instance, the Railway Claim is fixed at £352,670. 13. 8¼, equal to Haikuan Taels 2,351,137 . 90 @ 3 shillings, the annual payment for the first three years would be 4.8533 of this amount, or Haikuan Taels 114,108. 56.

The instalments actually received by the Chinese Railway Administration up to date on Indemnity Account, calculated on the estimated total of £347,000:- are

December 3rd, 1903. £20,820, which produced (at 2/5¾ and 104 % = Tientsin Taels 162,181. 10 at 105 %) Haikuan Taels 154,458. 19.

January 12th, 1904. £6940 (at 2/7¼ and 104 % = Tientsin Taels 50,892. 39 @ 105 %) = Haikuan Taels 48,468. 94.

July 5th, 1904. £6940 @ 2/7¼ and 104 % = Tientsin Taels 51,045 @ 105 %) = Haikuan Taels 48,614. 29.

4-2149-CC-6 Total

Total received in Haikuan Taels is 251,541. 42.

They should, if paid at the rate of 4.8533, have received 285,271. 40, leaving a balance still due to them of Haikuan Taels 33,729. 98, and consequently on the basis now proposed they should be paid Haikuan Taels 90,784. 26. in January next.

This discrepancy between what they have received and what is due to them is consequent on two factors, (1) that the sum allowed is found to be £5670. 13. 8¼ more than the provisional estimate, and (2) they received at the rate of only 4 %, whereas payment should have been made at 4.8533 per cent. At midsummer 1905, assuming the Taotai to continue his payments on the same principle, the rate will, as shown above, fall to 4.1868 per cent.

I have the honour to be,

With the highest respect,

My Lord,

Your Lordship's most obedient,

humble Servant,

Ernest Satow.

further delay in the repayment of the £90,000 advanced out of army funds, and charged to a suspense account, which they consider should be closed with as little delay as possible.

Q. Copy to Treasury with Copy of Sir E. Satow's desp: No. 225. and say that we presume Sir E. Satow's present proposal would be open to the above objections.

C. Hth.

Yes. drawing attention especially to our view (& theirs) with regard to the proposal to pay the Ry Indemnity in Silver at the 3/- rate.

Fdl 28/9

Dft. Treasury
Oct. 5. 1904

1904.

Peking. 4 Aug.

Sir E. Satow

No 283.

Ref. F.O. 167/04.

Recd. Sept 26

Northern Ry. Indemnity: observations on Treasury letter resp^g final figures of claim.

Print (China.) 10/10

This is Sir E. Satow's reply to the Treasury suggestion that, after the settlement of all the private claims, the instalments should be divided equally between Imp. Govt & the Railway administration. He does not think that there is any urgent need for special arrangements in favour of the Ry Admin^n for the payment of the sums due on account of the indemnity.

The following are his reasons: The Railways are the property of the Chinese Govt. The intramural portion was pledged to the holders of bonds issued for loan negotiated by the B & C. Corporation. The earnings of the extra mural line were also hypothecated to the bond holders. The B & C. Corp^n are not the legal representatives of the bondholders tho' they have been treated as such.

All that the bondholders were entitled to claim was that the Chinese Govt should replace the security for the loan in the same condition as it was before the disturbances which diminished its value. To ensure this £800,000 were inserted in indemnity to be applied to repairs under proper supervision. The Railways are now in a flourishing condition; their earning capacity is probably as great as before the disturbances.

He suggests an arrangement by which we should make payments to Ry Administration on same basis as Chinese Govt make payments to us. This resembles the proposal made in his desp: No. 17[illegible] to the effect that the sum due to Ry Administration should be paid into Haikwan taels at rate [illegible] and that interest should then be paid to Ry Administration in Haikwan taels.

This was not thought [illegible] the Ry Administration for the reasons stated in the last [illegible] of the Treas^y letter of Aug. 4. We were about to answer in this sense when Sir E. Satow telegraphed to ask us to suspend action until the receipt of a further desp: (presumably this one.)

The Treas^y will probably [illegible] to the present proposal for the same reasons – unless Sir E. Satow's argument that the Ry is the property of the Chinese Govt [illegible] Administration should therefore be treated by us as [illegible] treated by the Chinese Govt treats them to be [illegible] – and for the additional reason that if the proposal were adopted in preference to theirs, there would be a [illegible]

741 Ch. Leg.

In the reply to this Letter the following Number should be quoted.

12751
04

TREASURY CHAMBERS,
4th August 1904.

Sir,

I am directed by the Lords Commissioners of His Majesty's Treasury to acknowledge the receipt of Mr. Campbell's letter of the 13th ultimo forwarding a copy of a despatch from His Majesty's Minister at Peking with enclosures respecting the Indemnity claims of the Imperial Railways of North China.

It now appears that the claims as finally allowed amount to a total of £442,670:13:8¼ and that, after deduction of the sum of £90,000 due to His Majesty's Government, a balance of £352,670:13:8¼ remains due to the Railway Administration.

The estimate of the claims provisionally accepted amounted to £347,000 and interest has hitherto been paid on this sum alone. My Lords accordingly, as requested in the letter under reply, sanction the issue of instructions to the British Delegate for the payment of interest at 4%, including arrears, on £5,670:13:8¼ being the amount by which the estimate fell short of the actual claim allowed.

With reference to Sir E. Satow's proposal that the sum due to the Railway Administration should be converted into silver at the rate of three shillings to the Haikwan Tael,

nder Secretary of State,
Foreign Office.

2-2087 e-1

Tael, I am to state that, as my Lords understand, the other private claims were converted from silver to sterling at a rate corresponding with the actual exchange rate at the time the claims were made, and were thereafter treated as sterling. To convert the Railway Claim now from sterling to silver, not at the current rate but at the rate recognized by the Protocol, would be to treat the Railway Administration less favourably than the other claimants, and accordingly My Lords concur with the Secretary of State in dissenting from the proposal.

I am,

Sir,

Your obedient Servant,

E W Hamilton

D 4
R 5 August 1904

(Ref FO. 15 July 1904)
Indemnity Claims of
North China Imperial Rys.
Sanctions instructions to the
Delegate to issue Interest at
4% on diff. but estimate of
actual claim allowed. Concurs
in dissenting from the proposal that
sum due to Ry Admin. should be
converted into silver at the
rate recognized by Protocol.

Paris (Ad)
Sec. Legation Minister

Copy to Peking in
Sec. Aug. 1904
120 6 C.D.

AFFAIRS OF CHINA. [August 5.]

CONFIDENTIAL. SECTION 1.

No. 1.

Treasury to Foreign Office.—(Received August 5.)

Sir, *Treasury Chambers, August 4, 1904.*

I AM directed by the Lords Commissioners of His Majesty's Treasury to acknowledge the receipt of Mr. Campbell's letter of the 13th ultimo, forwarding a copy of a despatch from His Majesty's Minister at Peking, with inclosures, respecting the indemnity claims of the Imperial railways of North China.

It now appears that the claims, as finally allowed, amount to a total of 442,670*l.* 13*s.* 8½*d.*, and that, after deduction of the sum of 90,000*l.* due to His Majesty's Government, a balance of 352,670*l.* 13*s.* 8½*d.* remains due to the Railway Administration.

The estimate of the claims provisionally accepted amounted to 347,000*l.*, and interest has hitherto been paid on this sum alone. My Lords accordingly, as requested in the letter under reply, sanction the issue of instructions to the British Delegate for the payment of interest at 4 per cent., including arrears, on 5,670*l.* 13*s.* 8½*d.*, being the the amount by which the estimate fell short of the actual claim allowed.

With reference to Sir E. Satow's proposal that the sum due to the Railway Administration should be converted into silver at the rate of 3*s.* to the Haikwan tael, I am to state that, as my Lords understand, the other private claims were converted from silver to sterling at a rate corresponding with the actual exchange rate at the time the claims were made, and were thereafter treated as sterling. To convert the railway claim now from sterling to silver, not at the current rate, but at the rate recognized by the Protocol, would be to treat the Railway Administration less favourably than the other claimants, and accordingly my Lords concur with the Secretary of State in dissenting from the proposal.

I am, &c.
(Signed) E. W. HAMILTON.

Treasury Aug: 4. 04

Indemnity Claim of N. China Rs.

Dt. Inform Sir E. Satow that his Despatch N. 176 has been referred to the Treasury; send him a copy of their letter and authorize him to instruct the British Delegate to pay to the Railway Administration the interest at 4% including arrears on

on the £5,670 .. 13 .. 8 1/4, the amount by which the estimate fell short of the actual claim allowed.

Call his attention to the opinion of the Treasury in regard to the point raised in his despatch as to the manner in which the interest on the claim should be calculated.

E.S.

Dft. Sir E. Satow
No. Aug. 1904
See minute on Sir E. Satow's Tel. No. 167 Aug. 11/04

Scott

Dft.
Treasury

F.O.
Aug. 9, 1904

British & Chinese Corporation
July 30. 1904

Sir,

With ref. to the letter from this Office of the 13th ultimo — and to previous corresce. respecting the indemnity claim of the Imperial Railways of North China, I am directed by the M. of Lansdowne to transmit to you, to be laid before the Lords Commissioners of H.M.'s Treasury, a copy of a letter, ~~a copy of which in the margin~~, which has

has been received from the British & Chinese Corporation on the subject.

It will be seen that the Railway Administration express a fear that when payment is made to them in Bonds, the market price of the Bonds may be considerably less than their face value, and they suggest, for the consideration of H.M.'s Govt., a method by which the consequent loss might be made good to them.

I am to say that Lord Lansdowne proposes, with

with the concurrence of the Lords Commissioners, to reply that no agreement as to the issue of bonds has yet been arrived at, but that whenever the bonds are issued the Corporation's — representations will be borne in mind. His Lordship proposes to add that he is in communication with the Lords Commissioners with regard to the settlement of the claim of the Administration and that he hopes shortly to

to be in a position to address the Corporation again on the subject.

As you are aware Lord Lansdowne is still awaiting Sir E. Satow's observations on the proposals contained in your letter of the 25th of May last as to the payment of the Railway claim, and the information for which Sir Ernest has been asked relative to the amount of the Chinese Govt's payment to Russia on account of the Extra-mural line.

B.A.

Decypher Sir E Satow, Peking

D 4.40 pm 11 Aug. 1904
R 12.15

Tel no 167.

I would beg Your Lordship if possible to defer any action on my despatches nos 176 [9 May, 18] & 225 until receipt of further despatch which leaves by bag today.

Treasury
FO. 9 August 1904
(Reg FO. 13 July 1904)

Claim of N. China Brit.
Railways:—

Two copy Telegrams Copies
30 July 1904 giving text of
telegram notify for concurrence

707 Ch. Dom.

In the reply to this Letter the following Number should be quoted.

14108/04

TREASURY CHAMBERS,
16th August 1904.

Sir,

I am directed by the Lords Commissioners of His Majesty's Treasury to acknowledge the receipt of Mr. Villiers' letter of the 9th instant enclosing copy of a letter from the British and Chinese Corporation respecting the Indemnity claim of the Imperial Railways of North China.

In reply Their Lordships desire me to express Their concurrence in the terms of the answer which the Secretary of State for Foreign Affairs proposes to address to the Corporation.

I am,

Sir,

Your obedient Servant,

J. A. Murray

The Under Secretary of State,
Foreign Office.

WB

No. 167
Peking 8 R 11 Aug. 1904.

Northern Railway Claim
Asks that no action may be taken on his Despatches 176 of May 18 and 225 till arrival of further Despr.:-

File.
Mr Desprez No. 225 has not arrived yet, but we have already referred the Treasury Mr Desprez No. 176, and have had their answer and have had their answer and

a reply.
Q.[1] Wait our reply until we get his further Despatch.
F.A.
8/8/04

Elliott.

Dft:

The Chairman
The British & Chinese
Corporation, Ltd.
3 Lombard Street
E.C.

F.O.

Aug. 27 1904.

Sir,

The Marquess of Lansdowne has had under his consideration your letter of the 30th ult. in which you inform H.L. that a fear is entertained by the Administration of the Imperial Railways of North China that when payment of the indemnity is made to them in Bonds, the market price of the Bonds may be found to

Print (China)

2-2087 dd-1

D 16 August 1904
R 17
(Rec. F.O. 9 Aug/04)
Impl. North China Rlys
Indemnity Claim:—
Correspondence in Impl. Railways with Chinese Govt.

Note B.B.C. Corr. in accordance with Rly. Papers minute attached letter 9 July. 30.
C. Hth.
Dft. Aug. 27 /04

1275 Ch. D.

to be considerably less than their face value. You add that the D of the Imperial Railway considers that the Railway Administration cannot wel ask the parties on whos behalf claims have been made and substa to accept Bonds in sett but that he is of opin that the loss entaile should not fall up the Administration, a you state that he suggests that the difficulty might be met by H.M. Govt m good to the Administr out of any surplus may remain out of Sum set aside in resp of the general claim of the Railway administration, the loss suffered by the administration through converting the Indemnity bonds into cash to satisfy the ms.

In reply I am to inform you that no agreement as to the issue of bonds has yet been arrived at, but that whenever the bonds are issued the Corporation's representations will be borne in mind.

I am to add that H.L. is in communication with the Lords Commissioners of H.M.'s Treasury with regard to the settlement of the claim of the Railway Administration and that he hopes to be in a position shortly to communicate with the Corporation further on the subject.

JAL

AFFAIRS OF CHINA.

[August 27.]

CONFIDENTIAL.

SECTION 1.

No. 1.

Foreign Office to the British and Chinese Corporation.

Sir, *Foreign Office, August* 27, 1904.

THE Marquess of Lansdowne has had under his consideration your letter of the 30th ultimo, in which you inform his Lordship that a fear is entertained by the Administration of the Imperial Railways of North China that, when payment of the indemnity is made to them in bonds, the market price of the bonds may be found to be considerably less than their face value.

You add that the Director of the Imperial Railways therefore considers that the Railway Administration cannot well ask the parties on whose behalf claims have been made and substantiated to accept bonds in settlement, but that he is of opinion that the loss entailed should not fall upon the Administration, and you state that he suggests that the difficulty might be met by His Majesty's Government making good to the Administration out of any surplus which may remain out of the sum set aside in respect of the general claim of the Railway Administration, the loss suffered by the Administration through converting the indemnity bonds into cash to satisfy the various claims.

In reply I am to inform you that no agreement as to the issue of bonds has yet been arrived at, but that whenever the bonds are issued the Corporation's representations will be borne in mind.

I am to add that his Lordship is in communication with the Lords Commissioners of His Majesty's Treasury with regard to the settlement of the claim of the Railway Administration, and that he hopes to be in a position shortly to communicate with the Corporation further on the subject.

I am, &c.
(Signed) F. A. CAMPBELL.

Br. Chinese Corpn.

FO. 27 August 1904

(Ref. Return 30 July 1904)

China Indemnities:-

Reference will be borne in mind when bonds are issued. Will consider further action settlement of claims of N. China Ry. admin.

Print (Chinese)

842 Ch. D.

P E K I N G ,
3 September, 1904.

No. 321.

My Lord,

With reference to Your Lordship's despatch Number 203 of the 6th July last, on the subject of Sir John Wolfe Barry's Claim, I have the honour to report that I have requested the Administration of the Imperial Railways of North China to

2193:17:0. pay him as soon as possible the sum of Two thousand one hundred and ninety-three pounds and seventeen shillings. This total is made up of the sums, (1) for which the Administration admit their liability, (Enclosure No.1.) and (2) which are payable out of the Railway Indemnity Contingency Fund (Enclosure No2.). I have pointed out that the sum claimed under the latter falls under the same heading as the private claims reported as having been paid in my despatch Number 273 of the 28th July last.

I have also considered the remaining telegrams

32:10:11. included in the claim amounting to Thirty-two pounds ten shillings and eleven pence, as a direct result of the Boxer disturbances, and I have therefore requested Mr. Hillier of

the

The Marquess of Lansdowne, K.G.,
&c., &c., &c.

the Hong-Kong and Shanghai Bank here to issue a warrant for this sum in favour of Sir John Wolfe Barry and include it in the list of British Private Claims.

I have informed both the Administration and Sir John Wolfe Barry that I am unable to take any further steps with regard to the remaining items of the claim, namely.

5 and 6. Retaining fee for years ending July 1901 and July 1902. £ 800.

and 8. Clerk's time and Office expenses. £ 13.

I have the honour to be,

with the highest respect,

My Lord,

Your Lordship's most obedient,

humble servant,

Ernest Satow

Enclosure Number I.

Sir John Wolfe Barry's Claim.

Admitted by the Railway Administration.

Item		£	s	d
I.	Services of Mr. A.J.Barry in China	525	0	0
2.	Expenses of Mr. A.J.Barry in China	153	10	0
3.	Salary of Mr. P.P.Dease 8 months to 2[illegible] June 1900.	666	13	4
	Total	£1345	3	4.

Referring. 3 Sept.
Sir G. Salour
No 321.
Rec.d Oct 24
Ref. F.O. 203/04. 2 Encl.

Sir J. Barry's claim:
settlement of items allowed.

The Secy. Barry has practically forgotten except the claiming fee, in which on minute in Sir E. Satow's No 154.

As Sir E. Satow has throughout

Transmitted Bill in Communication with Sir J. Wolfe Barry respecting this claim. There is no necessity for us to make any Communication to the Firm.

Mr Davidson to see.

FAL 12.

The retaining fee for 1901 and 1902 cases therefore is a good round sum - viz. £800.

Oct 27 1904

828 Cl. Leg.

Enclosure Number 2.

Sir John Wolfe Barry's Claim.

Chargeable to Railway Indemnity Contingency Account.

Item		£	s	d
3.	Salary of Mr. P.P.Dease 22 June 1900 to 21 July 1900.	83	6	8
4.	Salary of Mr. P.P.Dease to 21 April 1901.	750	0	0
7.	Telegrams:- 21 March 1901. To Mr. Dease.	4	0	6
	1 April 1901. From Mr. Dease.	2	16	0
8.	Petty cash and sundries.	2	1	0
	Solicitor's fee.	6	9	6
	Total.	£ 848	13	8

1
in
Sir E. Satow
No 321.
3 Sept. 1904.

2
in
Sir E. Satow
No 321.
3 Sept. 1904.

PEKING,

September 7th, 1904.

No. 327.

My Lord:-

I have the honour to enclose translation of a letter from His Excellency Hu Yü-fen stating that Messrs. Jardine, Matheson and Company demand a commission of five per cent from the indemnity due to the Imperial Railways of Northern China, in consideration of their services in formulating and protecting the railway claim for damages suffered in 1900. He accompanies his letter with copy of a letter from Mr. Boyce-Kup, signing on behalf of Messrs. Jardine, Matheson and Company, as Agents for the British and Chinese Corporation, a copy of the account attached thereto, copy of the reply of the Chinese Managing Directors of the Northern Railways, rejecting the claim put forward and copy of a further letter from Mr. Boyce-Kup returning their letter to the Directors on the ground that he is not prepared to enter into any correspondence about the

5%

Hu Yü-fen September 4th, 1904.

The Marquess of Lansdowne, K. G.,

&c., &c., &c.,

the matter.

I think there is a misapprehension on the part of His Excellency Hu Yü-fen, where he says that the claim is made by Messrs. Jardine, Matheson and Company of Shanghai, as from Mr. Boyce-Kup's letter it appears that he had received instructions from Shanghai, i.e. from the Shanghai agents of the British and Chinese Corporation. As Your Lordship is aware, the agents of the Corporation are Messrs. Jardine, Matheson and Company and the Hongkong and Shanghai Banking Corporation. Otherwise the statements contained in His Excellency's letter to me are correct, and his reasons for directing the Managing Directors to refuse the claim seem to me to be justified. It may be true that the British and Chinese Corporation requested His Majesty's Government to allow the amount of five hundred thousand pounds sterling to be claimed £500,000 for the damage done to the intra-mural and three hundred £300,000 thousand pounds sterling for the extra-mural portion. It is true that Mr. Cousins, the representative of the British and Chinese Corporation on the Board of Administration

Administration of the railway forwarded to Mr. Townley the final detailed claim (see Mr. Townley's despatch No. 138 of April 9th, 1903), but the terms of his letter show that he did this on behalf of the Administration, not on behalf of the British and Chinese Corporation, nor on that of his firm, and the summary is drawn up by the Secretary to the Railway. At an earlier stage the Director of the British Railway Administration and Mr. J. R. Bell, at the request of General Creagh furnished estimates, but the amount was finally fixed on the basis of the figures supplied by Mr. Kinder, the Engineer-in-Chief, who is an employé of the Railway administration, and by discussions between Mr. Ottewill, the Accountant of this Legation, with Mr. Marshal, the Secretary to the Railway, and Mr. E. P. Allen, the legal adviser of the Railway Administration at Tientsin. The Agent of Messrs. Jardine, Matheson and Company was only consulted to the extent of asking him to produce certain original documents and his books.

I am at a loss, therefore, to conceive upon what grounds the British and Chinese Corporation claim a commission on the resulting award, and the matter may perhaps be left where it is, since Mr. Boyce-Kup, the agent of the Corporation,

Corporation, declines to enter into any correspondence on the subject.

In any case the argument of the Manager Directors seems sound, that had the British and Chinese Corporation or their agents been entitled to a commission, their claim should have been addressed to His Majesty's Government, who, if they conceived it to be correct, would doubtless have agreed to its inclusion in the railway claim. What has been awarded is the nett value of the damage done to the railway besides certain claims against the Administration, but no claim for commission was ever put forward or admitted at the time the claim was investigated by Mr. H. P. Wilkinson, the British Claims Commissioner.

I have the honour to be,

With the highest respect,

My Lord,

Your Lordship's most obedient,

humble Servant,

Ernest Satow

HU YU FEN TO SIR ERNEST SATOW.

Peking, September 4, 1904.

Your Excellency:-

The Managing Directors of the Imperial Railways of North China inform me that they have received a letter from Mr. Boyce Kup, Agent for the British and Chinese Corporation, to the effect that Messrs. Jardine and Matheson and Company of Shanghai, in consideration for their services in formulating and protecting the claim of the railway for damages suffered in 1900 demand a commission of 5% from the indemnity due to the rail way. In acknowledging receipt of this letter the Managing Directors pointed out that the moneys received by the Railway on indemnity account are derived from the Chinese Government to be expended for the restoration of the line which had suffered damage in the troubles of 1900 and in the interest of the bondholders to whom the line was pledged under the loan agreement of 1898. The amount of the indemnity had moreover long since been settled and no mention had been made of a commission payable to Messrs. Jardine Matheson and Company.

Mr. Boyce Kup without reading the whole letter returned the reply of the Managing Directors expressing his unwillingness to discuss the question in any way. The Managing Directors have therefore felt bound to report the matter to me, with the request that it may be brought to Your Excellency's knowledge and with a view to preventing any misunderstanding on this point, lest the British and Chinese Corporation should take it upon themselves to pay over this commission when they receive the indemnity on behalf of the railway.

I need hardly remind Your Excellency that the railway indemnity formed the subject of official deliberation under Your Excellency's guidance between myself, Mr. Kinder, the Engineer in

Peking. 7 Sept.
Sir E. Satow
No 327.
Rec'd. Oct 24 5 Encl.
Northern Ry. Indemnity:
Jardine Matheson demand 5% commission on.
The claim is, as Sir E. Satow says, no doubt made on behalf of B. & C. Corporation. The Corporation appears to have no claim whatever to a Commission.
It does not seem necessary to consult the Treasury.
G. Greene
834 Ch. Reg.
Minute
Satow thinks the matter may be left where it is.
E.G.
Yes
(In a private letter also Sir E. Satow states that the Corporation did nothing at all to earn a Commission)
Sept 28
Sir E. Satow
Sept 30

in chief and Mr. Hillier of the Hongkong and Shanghai Banking Corporation. As a result of these deliberations we were able to make use of the interest accruing annually for the purpose of reconstructing the line. The Agents of the British and Chinese Corporation took no active part whatever in effecting these arrangements and their present claim for a 5% commission seems to me unreasonable. I have accordingly replied to the Managing Directors directing them on no account to agree to this proposition and have the honour to now transmit for Your Excellency's information the correspondence which passed between the Managing Directors and the Agents of the British and Chinese Corporation. Should the latter seek Your Excellency's decision on this question I trust Your Excellency will be inclined to disapprove their claim and so evince one more proof of Your Excellency's consideration for the interests of the railway.

I have the honour to request also that the documents may be returned to me when you have perused them, and that Your Excellency will favour me with a reply.

I avail etc.

TIENTSIN, August 6th, 1904.

Liang, Esquire,
Managing Director,
Imperial Railways of North China,

Tientsin.

Dear Sir,

Chinese Indemnity 1900.

Under instructions from Shanghai we beg to inform you that Messrs. Jardine, Matheson and Company charge us 5% commission on all monies received on the above account.

The commission is paid Messrs Jardine, Matheson and Company for their services in formulating, protecting and attending to our various claims and we are thus now called upon to pay them commission, in a similar manner, on our claim against the Chinese Government for losses and damages to the Imperial Railways of North China.

We enclose Messrs. Jardine, Matheson and Company's debit note for their commission amounting to Taels 12,449,08 on the instalments of interest already received by you and shall continue to pass these accounts on to you, as presented to us, for payment of this commission on all future amounts received by you in respect of either the principal sum of, or interest on, our claim above referred to.

We are etc.

JARDINE, MATHESON & COMPANY.

(Signed) J. Boyce Kup.

Agents, British and Chinese Corporation, Limited.

1 in Sir G. Satow No 327. 7 Sept. 1904.

TIENTSIN, August 6th, 1904.

E. Kaufer,
ing Director,
mperial Railways of North China,

T i e n t s i n.

Dear Sir,

Chinese Indemnity 1900.

Under instructions from Shanghai we beg to inform you that Messrs. Jardine, Matheson and Company charge us 5% commission on all monies received on the above account.

The commission is paid Messrs Jardine, Matheson and Company for their services in formulating, protecting and attending to our various claims and we are thus now called upon to pay them commission, in a similar manner, on our claim against the Chinese Government for losses and damages to the Imperial Railways of North China.

We enclose Messrs. Jardine, Matheson and Company's debit note for their commission amounting to Taels 12,446.08 on the instalments of interest already received by you and shall continue to pass these accounts on to you, as presented to us, for payment of this commission on all future amounts received by you in respect of either the principal sum of, or interest on, our claim above referred to.

We are etc.

JARDINE, MATHESON & COMPANY.

(Signed) J. Royce Kup.

Agents, British and Chinese Corporation, Limited.

2 in Sep 8 C. Salter 9a 327. 1904.

7 Sept.

COPY.

British and Chinese Corporation, Ltd Dr to Jardine, Matheson and Co.

Chinese Indemnity 1900

For commission at 5% for formulating, protecting & attending to the Corporation's claim against the Chinese Govt. for losses & damages to the Imperial Railways of North China, viz: to the
on the following receipts, to date Interest received from
H.B.M. Government;

		£	s.	d.								Taels
on:-		£ 347,000	0	0								
less Staff & Private claims	£	19,825	2	2 1/4								
from Jan: 1st 1902 to June 30th, 1903 on	£	327,174	17	9 3/4	@ 4% = £	19,630	2	10 1/2	@ 2/5 5/8 =	S'hai Tls. 159,031.85	@ 104 =	152,915.24
in Jan: 1st 1904 for 6 months on	£	327,174	17	9 3/4	" " " "	6,543	9	11 1/2	@ 2/7 1/2 =	" 40,855.22	@ 104 =	47,937.71
on July 1st 1904 " " " "	£	327,174	17	9 3/4	" " " "	6,543	9	11 1/2	@ 2/7 3/8 =	" 51053.85	@ 104 =	48,128.70
												248981.65
											@ 5% =	12449.88

E. & O.E.

Shanghai. Aug: 1st. 1904.

(Signed) Jardine, Matheson & Co.

3
in
Sir E. Satow
No 327.
7 Sept. 1904.

e British and Chinese Corporation, Limited.

Messrs. Jardine, Matheson and Company; Agents.

Dear Sirs:-

We beg to acknowledge receipt of your favor of the 6th instant to the Managing Director and enclosure referring to Messrs Jardine, Matheson and Company's claim against you for 5% commission on the Railway's Indemnity, and expressing your intention to pass over to us for payment the accounts of such commission.

We have duly considered this matter and in reply we would express our surprise at receiving a claim for commission on moneys which we have already received or which we may hereafter receive as interest or principal of the Indemnity and we regret that we cannot agree to accept the debits referred to.

Whatever may be the right of Messrs. Jardine , Matheson and Company to charge you a commission upon your own various claims for maoneys which are received by you upon your own account, we do not recognize the propriety of their claim for a commission on the account now in question in which you are interested merely in so far as you are Trustees for the Bondholders under the Loan Agreement of 1898. The moneys received by us on Indemnity account are derived from His Imperial Majesty's Government and paid to us to be expended for the restoration of the properties pledged under the loan agreement, and the figures are nett, no allowance having been made for commission, as His Imperial Majesty's Government would in no case have recognised the right of any third party to claim a commission upon the moneys so expended.

There is no parallel between the Railway Indemnity claim and the claim arising out of the destruction of foreign owned property which claims have been paid in cash to the claimants.

It

It may well have been your duty to "protect" the Indemnity claim in view of your relation as Trustees to the Bondholders and whatever expense you may have been put to on such account may very well have been included in the claim itself. In point of fact the cost of telegrams in this connection has been so included. If you conceive yourselves or your Agents to be entitled to a commission, your claim for such commission should have been addressed to your own Government and had your own Government conceived it to be correct, His Imperial Majesty's Government would no doubt have yielded the point and agreed to the inclusion of that claim also. The claim as now presented comes entirely without warning after the indemnities have been fully settled and apart from all other considerations we submit that it comes too late.

Finally we beg to say that we are not able to understand in what way Messrs. Jardine, Matheson and Company claim to have earned so large a compensation as 5% upon the principal account of some £400,000. The work of formulating, protecting and attending to the Indemnity claim was almost entirely done by the Railway's own officers. This was natural enough as the Railways are the parties directly benefitting by the Indemnity, your own interest and that of the bondholders being merely indirect and secondary.

Again regretting that we must disagree with you upon the question you have raised,

We beg to remain etc.,

(Signed) M.T.Liang.

Chun Shao Shang.

per (signed) Loo E-tong.

Directors.

FY.

MEMORANDUM.

m

Jardine, Matheson and Company,

Tientsin, August 24th, 1904.

Dear Mr. Liang,

I have only read this letter as far as my pencil line thereon and take the liberty of returning it to you as this is a matter I am not prepared to enter into any correspondence about whatever.

Yours etc.,

(Signed) J. Boyce Kup.

It may well have been your duty to "protect" the Indemnity claim in view of your relation as Trustees to the Bondholders and whatever expense you may have been put to on such account may very well have been included in the claim itself. In point of fact the cost of telegrams in this connection has been so included. If you conceive yourselves or your Agents to be entitled to a commission, your claim for such commission should have been addressed to your own Government and had your own Government conceived it to be correct, His Imperial Majesty's Government would no doubt have yielded the point and agreed to the inclusion of that claim also. The claim as now presented has been entirely without warning after the indemnities have been finally settled and apart from all other considerations we submit it comes too late.

Finally we beg to say that we are not able to understand in what way Messrs. Jardine, Matheson and Company claim to have earned so large a compensation as 5% upon the principal account of some £400,000. The work of formulating, prosecuting and attending to the Indemnity claim was almost entirely done by the Railway's own officers. This was natural enough as the Railways are the parties directly benefitting by the Indemnity, your own interest and that of the bondholders being merely indirect and secondary.

Again regretting that we must disagree with you upon the question you have raised,

We beg to remain etc.,

(Signed) K.T.Liang.

Chun Chao Shang.

per (signed) Loo E-tong.

Directors.

Sir G. Salour
No 327.
1904.
Enclt.

H. Montgomery.

F.O. 370

Oct. 5. 1904.

Draft

Treasury.

Sir. E. Satow.
No 225. June 21. (in print)
Sir. E. Satow.
No 283. 4. Aug. 1904.

Print (China)

Sir,

With reference to your letter (5855/04) of the 25th of May last, I am directed by the Marquess of Lansdowne to transmit to you, for any Observations which Lords Comrs of H.M. Treasury may have to offer, copies of two desps from H.M. Minr at Peking on the subject of the Indemnity Claim of the Imperial Railways of N. China.

2. 2213 et Seq.

Their Lordships will observe that Sir E. Satow does not, for the reasons stated in his desp: No 283, concur in their proposal that each instalment of of indemnity should, after the private claims have been disposed of, be divided equally between H.M. Govt. and the British & Chinese Corpn.

Sir

Sir E. Satow considers that H.M. Govt. would be justified in making payments to the Railway Administration only on the same basis as that on which the instalments of the indemnity are paid by the Chinese Govt.

This suggestion is similar to that made in the concluding para: of Sir E. Satow's desp: No 176., a copy of which was enclosed in the Foreign Office letter of the 13th of July

July last, and Lord Lansdowne considers that it is open, in an even greater degree, to the objections stated in the letter from the Treasury of Aug. 4. Feb

Should it, moreover, be adopted there would be a further delay in the repayment of the £90,000, advanced to the Railway Adm^n out of army funds and charged to a Suspense account which it is considered Lord Lansdowne, understandably desirable to close with as little delay as possible.

— Row in this? — Feb

3. 2213 e1

F.O.
Oct. 27. 04.

Draft
Sir E. Satow
No. 290.

Sir,

I have received your desp. no 327 of the 7th Sept. last, in which you report that Messrs Jardine Matheson and Co demand a commission of five per cent from the Indemnity due to the Imperial Railways of North China, in consideration of their services in formulating and

Acting probably in their capacity as Agents of the B. & C. Corporation

Treasury
F.O.
5 Oct. 1904

(Ref Treas 25 May 1904)

Impl. N. China Rlys
Indemnity Claim

To advise Sir E. Satow
Nos 225 + 283 for observ.
and opinion as to distribution
arrangements proposed

Print (Clerks) 10/10

Pol. Ch. Rom.

and protecting the railway claim for damages suffered in 1900.

I concur in your suggestion that the matter should be left where it is.

Draft.
Sir E. Satow
No 290
F.O. Oct. 27 1904
(Refs 32))
Impl. N. China Railway Indemnity
Concur that question of Messrs Jardine's Mathesons commission should be left as it is.

652 Ch. Leg.

29 Oct 1904

Dear Langley

Following up our conversation last night, I still feel in some doubt as to the property in the North China Railways Indemnity claim, and would like to have it made clear, if possible, before we write officially.

Sir E. Satow points out that the Railways themselves belong to the Chinese

Government. If that meant that the benefit of the Indemnity payment would accrue to that Government, we could hardly resist his contention that it should be paid only on the same terms on which China pays. But can this be the case? Surely we should not have included in an statement a claim of the Chinese Government for separation from itself?

The Railways have been made good out of surplus income of the Railways. Therefore, the indemnity should go to the same parties who would have benefited by that surplus income if it had not been so diverted. Can you tell me who those parties are?

Yours very truly

W B Blair

Mr. Blain (Treasury)
to
Mr. Langley
Private.

October 29 1904.

North China Railways
Indemnity requests further information with regard to property in claim.

1772 Ch. D.

F. O. 376

Nov: 3 04.

Dear Blain,

The N. China Railways is undoubtedly a Chinese Gov.t Administ.n and the indemnity money will certainly not go directly into the pockets of the B. & C. Corporation, the British Bondholders or any other British Subject.

But

But in deciding ~~the~~ as to the manner of payment consideration should be given to the reasons which led to the claim being presented by H. M. G. and the purpose to which the money will be applied.

As Sir E. Satow has shown the whole claim is really private. It is presented in the interest of ~~a~~ the

But the line is mortgaged to the British bondholders, it is British managed, and is considered politically one of British and not Chinese. It is in this way that the line has got to be regarded as British, and from F.O. point of view there will never be to work out hand of it as it were, and allow that it is purely Chinese

the British Bondholders because we thought that at the expense of the Chinese Govt. the Bondholders' security should be secured in the state in which it was before the Boxer disturbances.

~~It is supposed that the security is now in that state and is quite~~

Assuming that this has been done the R.G. Administration have effected the

the repairs out of the £90,000 advanced from W.O. funds and the surplus earnings of the Railway in ~~the April~~ ~~expiration~~ ~~of the~~ ~~year~~ ~~to replace~~ ~~that which~~ ~~advanced~~ with the intention of replacing the money advanced when the indemnity claim was paid.

Is it fair now to say that

that because the repairs have been effected we will ~~have back the~~ defer the ~~claim for the payment~~ of the ~~indemnity~~ claim?

There is however to bring mind a still stronger reason against delay from the British Bondholder's point of view. The ~~repairs~~ damage is said to have been ~~effected~~ repaired from surplus earnings, but I notice in the Administration's report for the year ended September

September, 1903, that "the stations on this district south of Tongshan, are mostly in bad condition as rebuilt by the Russian troops. Nothing can be done until the indemnity funds are available." This makes one doubt whether ~~the Empire has be effe~~ the damage done by the Boxers has been entirely repaired, and one is also inclined to ask whether in using their surplus earnings to make good that damage the Administration have not been starving the R.y in other respects and thus depreciating the security of the Bondholders in another direction.

The claim is a private one, it has already been put to rank after all other private claims. In the circs I do not see that

that the treatment originally proposed by the Treasury was tenderly favourable.

As you said when we talked the matter over Sir E. Satow's desp: was written before the latest offer of the Chinese Govt. in regard to indemnity payments had been put forward, which Rather alters cases.

I have shown your letter and my answer to Campbell, and he entirely concurs with what I have written.

Mr Blain
F.O. Nov 4. 1904.

In the reply to this Letter the following Number should be quoted.

TREASURY CHAMBERS,

17024/04

21st November 1904.

Sir,

The Lords Commissioners of His Majesty's Treasury have had under consideration Mr. Campbell's letter of the 5th ultimo and the enclosed copies of despatches from His Majesty's Minister at Peking respecting the mode of settlement of the Indemnity Claim of the Imperial Railways of North China.

In the Treasury letter of the 25th May last (No.5855/04) My Lords had suggested that the instalments of the Indemnity hereafter to be received from China might be divided equally between the Government and the Railway claims until the latter claim should be liquidated, probably in the course of the next three years. Sir E. Satow thinks that such participation is unduly favourable to the Railway interest. Since the date of his despatch, however, the Chinese Government's offer to recognise its liability to pay the Indemnity in gold has materially improved the prospects of future payment; and it may be that this new fact will in some degree modify Sir E. Satow's opinion.

My Lords readily recognise that, when the question is regarded merely as one between His Majesty's Government and the Railway Administration, the latter body would have no cause of complaint if their claim were liquidated on the same terms as that of the Government. But it is impossible to

The Under Secretary of State,
Foreign Office.

Mr Klein (Treasury) F.O. Nov 23 - 1904

Imperial Ry. Indemnity. Reasons why the separation of a private English claim.

1094 W.A.

to leave out of account the treatment which has been accorded to other private claimants. Even while China was persisting in denying her obligation to discharge the indemnity in gold, His Majesty's Government paid out of the first receipts the full sterling amount of the individual private claims. If now an entirely different treatment were meted out to the Railway Administration there would appear to be fair cause for complaint. Although the Governments of the Powers are willing to receive their indemnity payments from China in the shape of annuities extending over 39 years, that form of settlement is not likely to be acceptable to a commercial undertaking.

Sir E. Satow points out that the necessary repairs to the Railways have already been carried out. But these repairs have been for the most part paid for out of the surplus income of the Railways, which would otherwise, My Lords presume, have been applicable to the improvement and development of the undertakings.

Apart from the Railway interests, My Lords think it will be for the convenience of His Majesty's Government so to arrange that as soon as possible the British share of the Indemnity shall be clear of any claims other than those of the Government itself. From the financial point of view also the proposed arrangement is not disadvantageous. China pays 4 per cent interest on the amount of the Indemnity outstanding. Although that rate would not be attractive to the Railways, it can be accepted as reasonable by His His Majesty's Government.

My

My Lords are still therefore of opinion that, unless Lord Lansdowne sees reason to the contrary, the terms suggested in the Treasury letter of the 25th May last may be offered in settlement of the Railway claim, coupled with the condition that the first £90,000 of the Railway receipts shall be applied in discharge of the advance from War Office funds. My Lords note the information supplied in Sir E. Satow's despatch as to the relation of the British and Chinese Corporation to the Railways.

With regard to the sum that may ultimately be considered proper to be surrendered to the Chinese Government, whether in respect of the Railway repairs executed by Russia out of Chinese Customs revenue, or of the overestimate of the total Railway claim, it does not seem advisable that any step should be taken until opportunity has been found to review the general position of His Majesty's Government in relation to the indemnity in the light of the Chinese offer to pay in gold. Assuming that offer to take effect and the account to be adjusted as proposed by the close of the present year, it will then be possible to furnish a definite statement of the position on a sterling basis. I am to suggest therefore that a report might be called for, shewing the total amount of the British claims, both Government and private, specifying in the case of the Government claim the sums included in respect of the various heads of service. The report might also shew the sterling value of the British share of the instalments paid up to the close of 1903 according to the computation proposed by China; the amount paid therefrom in discharge of private claims; the other charges to which these moneys have

have been applied, including the cost of remittance, i.e. the difference between the actual rates of exchange at which the moneys have been remitted to England and the rates with which China has been credited; and the principal value of the British share in the remaining instalments due from China.

When the sum repayable to China has been decided, the simplest method of providing for its surrender would be to deduct that sum from the principal represented by the British share of the remaining instalments; to calculate the date at which the net sum so arrived at would be discharged with interest out of those instalments; and then, if it should be thought desirable, to convey an undertaking to the Chinese Government that the British share in the instalments after that date would be repaid.

I am,

Sir,

Your obedient Servant,

E. W. Hamilton

(Ref. F.O. 5 Oct. 04)

Indemnity Claim of Imp.l N. China Ry. &c.:

Stat. of opinion that terms attd. thereto in Hen. 25 Aug. 04 may be offered in settlement, with concl. that fix £90,000 be advanced in discharge of advance from W.O. funds. Suggests calling for return of total amount of Imp. Government claims

Sir Spencer minute

Return[?] Prim. (Chgs.)

147 C.D.

21 Nov. 1904
22 Nov. 1904

Treasury Nov. 21, 04.

383

Indemnity Claim of Imperial N. China Railways.

The Treasury adhere to their suggestion that after the private claims have been disposed of each instalment of the indemnity should be equally divided between the Government and the R.y Administration

Administration on condition that the latter are to apply their first receipts to reimburse the £90,000 advanced by the War Office.

In the letter we wrote to the B. & C. Corporation on Aug: 27 we said that we were in communication with the Treasury with regard to the settlement of the R.? Administration's claim, and hoped soon to be in a position to write to the Corporation again on the subject.

We might, I think, now inform the Corporation of the decision arrived at. We might make a favour of the terms

terms, which are in fact favourable, and ask the Corporation to ascertain from the Administration whether we may assume that they acquiesce in the arrangement, in which case the first £90,000, from their share will be paid to the War Office.

We must send the Treasury letter

letter to Sir E. Satow, informing him that we have written to the Corporation and say that if the reply from the Administration is favourable instructions will be given in accordance with the Treasury suggestions, & the share of the Administration after

after the first £90,000,
will be paid ~~[illegible]~~ to
the R.n Administration direct.

We must also ask Sir
E. Salow to furnish, as
soon as the position of the
indemnity question permits, the
detailed report asked for by
the Treasury on the third page of
their letter.

We shall have to be careful
how we make the communication
suggested in the last paragraph,
or we may lay ourselves open
to the charge of having inflated
our claim with a view to
receiving more than our share
of the early instalments.

as to this there is no power
of which in a position to cast
the first stone. Feb 24/11

T.O.

Scott.

Dft.
Sir E. Satow
No. 320

F.O.

~~Nov.~~ Dec. 1, 1904.

Sir,

I referred your desp. No. 283 of the 4th of August last, on the subject of the claim of the North China Railways against the Chinese Govt., to the Lords Commissioners of the Treasury, for their observations, and

Treasury
Nov. 21. 1904

To Brit. & Chin. Corporation
~~Nov.~~ Dec. 1, 1904

Print (China)

I concur – act as proposed –
L.

Dft. Sir E. Satow No. 320
" B. & C. Corporation } ~~Nov.~~ Dec. 1/04

and I transmit to you for your information & guidance a copy of their reply, ~~dated Nov. 21.~~

~~You will see that~~ The Lords Commissioners ~~Their Lordships~~ adhere to their suggestion that, now that the private claims have been settled, each instalment of the indemnity should be equally divided between H.M.G. and the Railway Administration, on condition that the latter are to apply their first receipts to the reimbursement of the £90.000 advanced by the War Office.

The letter, of which a copy is enclosed, has accordingly been addressed to the British & Chinese Corporation, and ~~if~~ the reply from the Administration is favourable, instructions will be issued to you in accordance with ~~the Treasury suggestion, and the~~ share of the Administration ~~copy~~ claim of the after the ~~first £90.000~~, War Office has been ~~will~~ satisfied will

On the receipt of their reply a further communication will be addressed to you.

If the proposal now made by H.M.G. is accepted the

will be paid to them direct and not through the Corporation.

I have to call your attention to the suggestion of the Lords Commissioners that a report should be furnished, showing the total amount of the British claims, both Govt. & private, and the sterling value of the British share of the instalments paid up to the close of 1903 according to the computation proposed by China, specifying the charges to which these moneys have been applied.

I should be glad if you would forward to me a report dealing with these points, as soon as the position of the indemnity question permits.

FHL

Draft.
Sir E. Satow
No. 320.
F.O. Dec. 1 1904
(Reg. his 283 Reg. 4)

Claims of North China Railways.
For capital Treasury Nov. 21, & No. 81.
& Chinese Corpon. Dec. 1 for inform.
& guidance. Requests formal state-
ment showing total amount of the
Claims, (Govt. & private) & the exact value
of the share of indemnity paid up
to end of 1903 according to comput.
proposed by China.

Print (China)

732 G.

Elliott.

Opt.
The Secretary
British & Chinese Corporation
Ltd.
3 Lombard Street
E.C.

F.O.

~~Nov.~~ Dec. 1, 1904.

Sir,

With ref. to the letter from this Office of the 27th of August last, I am directed by the Marquess of Lansdowne to ~~say~~ inform you that H. L. is now in a position to make a definite proposal for the liquidation of the claim for indemnity due

Copy to Sir E. Satow, with copy of Treasury letter of Nov. 21. 1904 (s.c).

Print (China)

due from the Chinese Gov^t. to the Administration of the Imperial ~~North China~~ Railways of North China on account of the loss incurred by the Administration during the disturbances which took place in 1900. ~~Administration from the Chinese Gov^t.~~

As you are ~~doubtless~~ aware, the bulk of the railway claim was included in ~~consort of~~ the claim of H.M.'s Gov^t., and equality of treatment would therefore be secured to the Administration if they were paid their due proportion of each instalment of the indemnity as received from China. H.M. Gov^t. ~~Lord Lansdowne~~ however, recognized that the long delay which would thus be entailed in completing the settlement of the claim would be prejudicial to the railways as a commercial undertaking. The Lords Commrs. of the Treasury have ~~I am therefore to~~ accordingly agreed ~~propose~~ that, now that ~~when~~ the private claims which have been given precedence of the Gov^t. claim have been satisfied, one half of each instalment received from the Chinese Government shall be paid to the Railway Administration until the amount of their claim has been discharged with interest, subject to the condition that the first £90.000 of the ~~Railway~~ receipts due to the Railway ~~shall~~ under this arrangement shall

BRITISH LEGATION,
PEKING.

December 3rd, 1904.

No. 413.

My Lord,

With reference to my Despatch No. 231 of June 27 last, I have the honour to transmit to Your Lordship herewith a Statement of Earnings and Expenditure of the Imperial Railways of North China for the six months ended September 30, 1904.

While the working expenses have increased by less than 3 per cent in comparison with the previous six months, the total earnings have increased by more than 15 per cent, and the monthly per centages of working expenses to earnings shown in the table appear highly satisfactory. It would be necessary to be in possession of much more complete details than are given in the tables as to what is and is not included in the term "working expenses" and so forth, to be able to express a confident opinion as to whether the line is being properly worked and maintained, but from casual observation when passing along it, its condition appears satisfactory and its working efficient.

The increase in the interest on the loan is due to the

The Marquess of Lansdowne, K.G.,
etc etc. etc.

shall be applied in discharge of the advance made to the Administration from War Office funds.

Lord Lansdowne would be glad if you would ascertain from the Administration whether H.L. may assume that they acquiesce in this arrangement, in which case the first £90,000 from their share will be paid to the War Office.

HLG

Draft
Br. Chinese Corporation
F.O. Dec. 1 1904
(Ref F.O. Aug 27)

Claim of North China Railways
Proposed arrangt. suggested in
Treasury Nov. 21.

Copy to Dir of Labour with
copy Treasury Nov. 21 (sc)

Returned 7/12
Paid (War Office)

1103 L.T.

BRITISH LEGATION,
PEKING.

the lower value of silver.

I am informed that the total increase in the gross earnings of the lines during the year ending 30th September, 1904, as compared with the preceding year, was 1,290,000 dollars or, say, £129,000, the total mileage being 661 miles.

I hve the honour to be,

With the highest respect

My Lord

Your Lordship's most obedient,

humble Servant,

Ernest Satow.

Imperial Railways of North China

Statement of Earnings and Expenditure for 6 Months ending 30/9/04

Particulars	April		May		June		July		Augt.		Sept.		Total	
Earnings														
Inside Wall	361,634	43	390,838	23	369,193	91	347,457	18	318,176	55	378,867	70	2,166,168	-
Outside Wall	156,591	85	164,257	48	106,653	61	128,716	37	133,737	10	190,232	58	880,188	99
Telegraph	16,508	26	12,422	85	7,706	85	19,619	34	21,401	36	17,975	69	95,634	35
Military	6,590	32	5,349	28	7,164	08	9,557	13	8,518	24	8,783	68	45,962	63
Total Earnings	541,324	76	572,867	84	490,718	45	505,350	02	481,833	25	595,859	65	3,187,953	97
Working Expenses	208,234	18	235,975	83	216,338	98	206,008	65	199,496	77	213,721	54	1,279,775	95
Interest on Loan	111,187	46	106,685	94	105,405	71	103,338	93	104,569	15	104,985	77	636,172	96
Total	319,421	64	342,661	77	321,744	69	309,347	58	304,065	92	318,707	31	1,915,948	91
Net Earnings	221,903	12	230,206	07	168,973	76	196,002	44	177,767	33	277,152	34	1,272,005	06
Per Cent of Working Expenses to Earnings	38%		41%		44%		46%		41%		36%		40%	

Refing. Shanghai
Sin & Sales
No 413.
Ref. to 30 23/04
(Enclosure.
Rec'd
Sh Reg. Feb. 13. 1905.
N. Kiao Railway:
Asks advising Shanghai into Kiaochow

For the purpose
of making the Railway
known as "S" in
the future in
the line.

Letter dated Feb 9
Encl.

THE BRITISH AND CHINESE CORPORATION, LIMITED.

3, Lombard Street, London, E.C.

December 5th. 1904.

Francis A. Campbell Esq., C. B.

Foreign Office, S. W.

Sir,

IMPERIAL RAILWAYS OF NORTH CHINA.

INDEMNITY CLAIM.

We beg leave to acknowledge the receipt of and to thank you for your letter of the 1st. instant.

In conformity with Lord Lansdowne's desire we have written to our Agents in China requesting them to ascertain and reply by telegram whether the Northern Railway Administration acquiesce in the arrangement to which the Lords Commissioners of the Treasury have agreed that the private claims which have been given precedence of the Government claim having been satisfied one half of each instalment received from the Chinese Government shall be paid to the Railway Administration until the amount of the Railway Administration's claim has been discharged with interest, subject to the condition that the first Ninety thousand pounds of the receipts due to the Railway under this arrangement shall be applied in discharge of the advance made to the Administration from War Office funds.

We are,

Sir,

Your obedient Servants,

THE BRITISH AND CHINESE CORPORATION, LIMITED.

per. W. Keswick

Chairman.

L - 2283 fr

December 3rd 1904

In Sir C. Satow's No 413

1. Treaty.

PEKING,

January 6th, 1905.

My Lord:-

I have the honour to transmit to Your Lordship herewith copy of a letter which I have received from Major General Ventris, commanding the troops in North China, transmitting a request from Mr. J. E. Foley, traffic Manager of the Imperial Railways of North China, that his services to His Majesty's Government may receive some recognition.

Mr. Foley shows that his services have been already recognized by the Governments of Russia, Japan, France, Germany and China, while he has received a promise of recognition from the Italian Government, and his case is at present under the consideration of the Austro-Hungarian Government. His own Government, whose recognition he would value

The Marquess of Lansdowne, K. G.
etc. etc.

value the most, in spite of the fact that he was twice mentioned in despatches, taken no steps.

Under these circumstances I have the honour to submit Mr. Foley's case for His Majesty's consideration.

I have the honour to be,

With the highest respect,

My Lord,

Your Lordship's most obedient,

humble Servant,

Ernest Satow.

With Sir E. Satow's No. 1 Treaty
Jan 6, 05

398

Library.

Can you find anything bearing out Mr. Foley's statements.

China Dept.

Feb 27/05.

China Dept.

I have gone through the Treaty Dept. Registers to 1903, and find that a gold vase was presented to Mr. Foley by the Russian Govt. in 1902-3, that the Decorn.

Sir E. Satow's No. 1 Treaty.

1 Enclosure.

Rec.d Feb 25 Pty Bag.

Mr. J. Foley.

re application for recognition of services of late Chief Inspector of Customs at Newchwang.

Private Secretary

with Messrs Marked & Sir E. Satow's Disp. No. 287 and in the Inclosing Report on the Imperial Chinese Rly. under the British Rly. Administration

136 Cl. L.

If he is to get anything it seems to me a present wd be much more suitable than a decoration.

But I'd ask the C.O. first to obtain an opinion from Mr. Fowler & Graf. as to the value of the Foley's services

J. Pauncefote
Feb 6 05

It is not a case for an order.

E.B.

Foreign Office
March 13. 1905

Decoration of the Double Dragon was conferred upon him by the Chinese Govt in 1902, and, I understand from the Treaty Dept., that the question of his acceptance of the German Decoration of the Red Eagle is a matter of current correspce.

I cannot find correspce. relating to the presentn to him of Sèvres porcelain by the French Govt, or to the gift of the Japanese Decorn of the Sacred Treasure.

~~Edward Parkes~~

~~Lib.~~ ~~March 1/05.~~

Mr. Foley's name does not appear in the Index to the China Dept. Registers for 1898 to 1902, or in the Register for 1903.

In a Military Report on the Imperial Railways of North China, 1902, furnished by the Intell. Divn., Mr Foley is described as Traffic Manager of the Establt before the line was handed back by the Brit. Rlwy. Administrn to the Chinese, and as Traffic Manager under the present Chinese Administrn.

Edward Parkes

Lib.

March 2/05

P.T.O.

(see further Library minute of March 7, 05.)

Copy.

Confidential.

From,

Major General F. Ventris,

Commanding Troops in North China,

To,

His Excellency,

His Britannic Majesty's Minister,

Peking.

Tientsin, January 4th, 1905.

Received, January 5th, 1905

Your Excellency,

I have the honour to forward for your condideration an application with enclosures received from Mr. Foley, Traffic Manager of the Imperial Railways of North China.

Mr. Foley appears to be disappointed that his own Government, whose commendation he naturally values more than that of any other, is the only Government which has taken no notice of his services.

I have the honour to be,

Your Excellency's Obedient Servant

(sd. Ventris) Major general.

Commanding Troops North China.

Imperial Railways of North China.

Copy.

Tientsin,

31st December, 1904

General Ventris,
North China Command,
Tientsin.

Sir,

I have the honour to inform you that, during the régime of the British Railway Administration, I was traffic manager of the line from Peking to Shanhaikuan and was fortinate to be mentioned in Despatches by General Sir Alfred Gaselee and by General Sir O'Moore Creagh, (see extracts from Despatches enclosed herewith) for services rendered in the above position. I also received a letter of thanks (copy enclosed) from the Commander-inChief on the handing over of the line to the Chinese in the fall of 1902. As you are no doubt aware there was a great amount of jealousy between the different nationalities when the line was taken over by the British which had to be lived down, and my position was rather a trying one, yet I am happy to say, from start to finish everything went off without a hitch and my very best efforts were put forward to secure this, and to, if possible, enhance the prestige of the Corps I had the honour to be serving with at the time.

I trust you will not consider it out of place for me to mention that my services were recognised by the Russian Government in presenting me, through the Secretary of State

a

a gold vase studded with precious stones, by the Japanese with the decoration of the Sacred Treasure; by the French with a presentation of Sèvres porcelain; by the German Government with the decoration of the Red Eagle; by the Italian with the promise of a decoration (as per enclosed copy of a letter from Italian commander here). Matter now in the hands of H.E. the British Ambassador at Rome. I have also the assurance of the Austrian Consul here that my case is at present under the consideration of his Government, but what the decision may be of course I cannot say. When the Empress Dowager was returning from Shansi to Peking early in 1901, I was deputed by Colonel Browne R.E. to take charge of the arrangements. I did so and received the decoration of the Double Dragon, the Court being well pleased. I would, very respectfully, submit that my services were rendered at a time when I was in British employ and when British interests were at stake and I trust our Government will see their way to take my case into their favourable consideration. I leave the matter, with much confidence, in your own hands and in those of H.E. the Minister.

I have the honour to be,

Sir,

Your obedient,

humble Servant,

(Sgd) J.E. Foley

Traffic Manager.

January 6th 1905.

in
Sir E. Satow's
No. 1 Treaty

With Sir E. Satow's No. 1 Treaty
Jan 6, 05
4072A

FOREIGN OFFICE

Library

Can you look this up.

China Dept.

3/3/05.

The only refce to Mr Foley which I can find are contained in the accompanying papers

papers:- Brit. Rept on the Impl. Chinese Rlways. 1902, pt. 1 & Appendix B pp 1 & 3; & Sir E. Satow's No. 281 of Oct 3. 1902, Confl. Print 7956, page 42.
Library.
March 7/05

Scott.

Dft.

Sir E. Satow

No. 24

F.O.

Feb. 8 1905.

Peking (China)
with tel: from Brit. Administration B. & C. Corp.: as to annex.

B. & C. Corporation
communicated Feb. 2. 1905

Sir,

I transmit, herewith, for your information, a copy of a telegram addressed to the British and Chinese Corporation by their agents in China relative to the proposal of the Administration of the Imperial Railways of North China to extend their line to Kalgan.

and

and to defray part of the cost of construction out of the surplus revenue of the Pekin-Shanhaikwan Line.

~~Although~~ The proposal might be held to be contrary to the Notes exchanged by you with Prince Ching on July 31, 1902, but the question ~~will~~ appears unlikely to arise in a practical form, as ~~not arise as in~~ in communicating this tel., Mr Keswick stated that ~~the~~ Corporation considered the ~~to~~ which they would otherwise have been disposed to regard favourably, as scheme, ~~was~~ barred by

Art.s

Art.s 8 and 9 of their Agreement of October 1898 ~~between~~ with ~~the Corporation and~~ the Railway Administration.

F.H.

Annex follows.

Draft
Sir E. Satow
No 24
F.O. Feb. 8 1905

Proposed extension of North China Railways to Kalgan
To copy of tel. comm.d by B&C Corpn Feb 2. Letter provides phrase based by Arts 8 & 9 of their Agreement of Dec 1898 with Railway Administr.
Part (Ottewill) said let from B&C Corpn as to cases

65.C.T.

No. 1.

Sir E. Satow to the Marquess of Lansdowne.—(Received April 8.)

(No. 63.)

My Lord, *Peking, February* 20, 1905

IN your Lordship's despatch No. 320 of the 1st December, 1904, on the subject of the claim of the North China Imperial Railways for the damage suffered by them during the troubles of 1900, there was inclosed a letter from the Lords Commissioners of the Treasury suggesting, among other things, that a report should be called for showing the total amount of the British claims, both Government and private, specifying in the case of the Government claim the sums included in respect of the various heads of service. It was added that the report might also show the sterling value of the British share of the instalments paid up to the close of 1903 according to the computation proposed by China; the amount paid therefrom in discharge of private claims; the other charges to which these moneys have been applied, including the cost of remittance, *i.e.*, the difference between the actual rates of exchange at which the moneys have been remitted to England and the rates with which China has been credited; and the principal value of the British share in the remaining instalments due from China.

I inclose, accordingly, a Memorandum drawn up by Mr. Ottewill, until recently occupying the post of accountant to this Legation, giving the amounts of the private and Government claims respectively, and references to my despatches and telegrams during the past four years in which this information has been already furnished.

I beg leave to point out that the sum of 500*l.* set down for replacing the books belonging to the student interpreters' library, the greater part of which was destroyed in the siege of the Legation in 1900, has not yet been allowed to be expended on the acquisition of new works to replace what have been lost. Perhaps the Lords Commissioners may be disposed to authorize the expenditure of this sum out of the balance in London amounting to 186,121*l.* 16*s.* 2*d.*, and in that case I would suggest that the selection and ordering of the books, which are for the use of His Majesty's Legation in general and not exclusively for that of the student interpreters, should be left in the hands of the head of the Legation.

As your Lordship will observe, the amounts to be claimed in respect of naval and military services were furnished to me in telegrams from your Lordship's Office in 1901, and I am unable to supply any further details as to the various heads of those services. Possibly, however, they have already been sent to the Treasury by the Departments concerned.

With respect to the other points on which a report is called for in the Treasury letter, I have the honour to inclose copy of a letter which I addressed to the British Delegate, Mr. Bevis. The inclosures in my letter to Mr. Bevis were identical with the amended statement forwarded in my despatch No. 52 of the 8th February last, and described as substituted for one furnished by the Chinese Government.

In the absence of Mr. Bevis, the Shanghae sub-manager of the Hong Kong and Shanghae Banking Corporation, Mr. Hunter has replied in a letter dated the 3rd February last, of which a copy is inclosed, together with three statements showing (1) the British indemnity account up to the 1st January, 1905, (2) the loss to the British Government in sterling if the Chinese computation of October 1904 were accepted, and (3) the principal and interest value of the British share in the remaining instalments.

With regard to (1) it should be observed that the account with the Imperial Railways of North China will have to be adjusted, when the proposal to pay off that claim contained in the Lords Commissioners' letter of the 21st November, 1904, is carried out, upon the principle adopted in the case of Bandinel and Co. and Ward and Co., whose claims were settled by the payment of a lump sum after they had received some payments of interest at 4 per cent. on the capital (see my despatch No. 52 of the 15th February, 1904). Another item of the adjustment arises from the fact that interest has been paid on this claim as if it amounted only to 347,000*l.*, whereas the final amount, as reported in my despatch No. 176 of the 18th May, 1904, is 352,670*l.* 13*s.* 8½*d.*

Cost of remittance is defined in the Treasury letter as the difference between the

actual rates of exchange at which the moneys have been remitted to England and the rates with which China has been credited. I understand, however, that the money received was remitted at the rate with which China was credited, the bank charging ¼ per cent. commission, by an arrangement made, I presume, directly between the Bank and His Majesty's Government. Of the British Delegate's expenses the account has no doubt been furnished direct to His Majesty's Government.

With regard to (2) it is necessary to observe that the Chinese Government now offer 8,000,000 Protocol taels (which, if taken at the British rate of 3*s.*, is equal to 1,200,000*l.*), as reported in my telegram No. 29 of the 9th February last. The British share of this considerably reduce the estimated loss to the British Government, estimated at 30,678*l.* 11*s.* 5*d.*, in Mr. Hunter's statement No. 2. The exact amount of this reduction will depend on the manner in which the 8,000,000 Protocol taels now offered by China is divided among the Powers. If it is shared according to the amounts standing opposite to the name of each Power in the last column of the statement for the 1st January, 1905, included in the Series B inclosed in my despatch No. 52 of the 8th February, we should receive 920,763 Protocol taels, or 138,114*l.* 9*s.* whereas, if it is treated like the total indemnity, and divided according to the percentages agreed to on the 14th June, 1902, Great Britain would receive 11·24901 of 8,000,000, *i.e.*, 899,992 Protocol taels, or 134,998*l.* 16*s.* As this sum is to be paid by China in satisfaction of amounts due from her as fixed on the 1st January in the currencies of the respective Powers, I submit that the former method of division would be the correct one.

It will doubtless not escape the notice of the Lords Commissioners of the Treasury that whereas the total of the British claims, public and private, is 6,926,158*l.* 10*s.* 1½*d.*, the British share of the indemnity is 7,593,081*l.* 15*s.*, showing a surplus of 676,923*l.*, which is considerably in excess of what I had estimated it at in my despatch of the 29th May, 1902. This increase is mainly due to the fact that the Northern Railways' claim, originally estimated at 800,000*l.*, was eventually reduced to 442,670*l.* and a few shillings.

I have, &c.
(Signed) ERNEST SATOW.

Inclosure 1 in No. 1.

TOTAL Amount of British Claims, Government and Private.

Reference.	Claims.	Amount.	Total.	Remarks.
	Private.	£ s. d.	£ s. d.	
To Foreign Office, No. 160, June 10, 1902	Mr. W. H. Wilkinson's total	724,766 6 10		Out of the sum of 20,000*l.* set aside for contingencies.
List attached ..	Since allowed	13,244 18 3		
To Foreign Office, No. 52, February 15, 1904	Extra to applicants for bonds	167 14 0	738,178 19 1	Included in Mr. W. H. Wilkinson's total: £ s. d. Messrs. Bandinal and Co. .. .. 4,508 2 1 Messrs. Ward and Co. 6,241 17 7 10,749 19 8
				Paid to Messrs. Bandinal and Co.: £ s. d. Interest .. .. 270 9 9 Certificate 4,307 18 10 4,578 8 7
				Paid to Messrs. Ward and Co.: Interest .. .. 374 10 3 Certificate 5,964 14 10 6,339 5 1
				Included in Mr. W. H. Wilkinson's total .. 10,917 13 8 10,749 19 8
				Difference 167 14 0
	Government.			
To Foreign Office, No. 176, May 18, 1904	1. Imperial Railways of North China:			
	Intra mural	239,607 5 6¼		
	Advanced by War Office	90,000 0 0		
	Extra mural	113,063 8 2	442,670 13 8¼	
	2. Peking Legation—			
	General siege expenses	585 7 4*		The actual sum expended is 5,853 dol. 67 c. included in Peking Suspense Account.
	Four Office of Works painters	425 7 6*		" " " 4,353 dol. 76 c.
	Cemetery repairs	1,359 11 0*	2,380 5 10	" " " 13,595 dol. 50 c.

The figures in telegram to Foreign Office, No. 131 of 22nd April, 1901, for these three items are 5,000 dollars, 3,200 taels, and 10,000 taels respectively.

* At 2*s.* = 1 dollar.

Reference.	Claims.	Amount.	Total.	Remarks.
		£ s. d.	£ s. d.	
Telegram to Foreign Office, No. 131, April 22, 1901	Student Interpreters' Library	..	500 0 0	
Telegram to Foreign Office, No. 131, April 22, 1901	3. His Majesty's Office of Works	..	24,428 11 6	The original figures are 171,000 taels. Exchange has been taken at 7 taels = 1*l*.
Foreign Office telegram No. 108, April 9, 1901	4. Military expenditure to 31st March, 1901 ..	4,800,000 0 0		
	" 1st July, 1901 ..	360,000 0 0	5,160,000 0 0	
Foreign Office telegram No. 135, April 30, 1901	5. Naval expenditure, including indemnities for killed and wounded	482,000 0 0		
Foreign Office telegram No. 146, May 7, 1901	Excess of expenditure on ships over a corresponding period before disturbances	76,000 0 0	558,000 0 0	
			6,926,158 10 1¼	

Inclosure 2 in No. 1.

Sir E. Satow to Mr. H. M. Bevis.

Sir, ***Peking, January*** **18, 1905.**

I HAVE received a despatch from His Majesty's Principal Secretary of State for Foreign Affairs, directing me, at the request of the Lords Commissioners of His Majesty's Treasury, to report the sterling value of the British share of the indemnity paid up to the close of 1903, according to the computation proposed by China; the amount paid therefrom in discharge of private claims, the other charges to which these moneys have been applied including the cost of remittance, *i.e.*, the difference between the actual rates of exchange at which the moneys have been remitted to England and the rates with which China has been credited; and the principal value of the British share in the remaining instalments due from China.

In the foregoing paragraph the date 1903 is probably a slip of the pen for 1904, but however that may be, the sterling value of the British share of the indemnity actually paid up to the close of the latter year ought to be given, and the other items in accordance.

I am not clear whether the words "according to the computation proposed by China" mean the earlier assumption of the Chinese Government that the Haikwan taels of the Protocol are ordinary silver Haikwan taels, or whether they mean the new computation proposed in October last as a condition for undertaking to pay in future in gold in accordance with the rates laid down in the Protocol, those conditions being: (1) a rebate of 4 per cent. per annum on the monthly payments; (2) the recalculation of the rates of exchange for each instalment according to the average daily rate of exchange for the month preceding the payment of each instalment; and (3) the remission of interest on the arrears. Perhaps the best plan would be to furnish two statements, first one showing the amount in sterling of the British share actually received and remitted, and the other the amounts to which we should be entitled if the new computation were accepted.

For your information I inclose in original the Chinese "Tableau des Sommes totales des Déficits de l'Indemnité," and an amended version of the same prepared in this Legation in which the mistake of deducting interest on the monthly instalments as if the latter were Protocol taels, instead of being, as they were, silver Haikwan taels, has been rectified. I understand that the average monthly exchange adopted is based upon the daily rates for each month of your Shanghae Branch, but this basis of calculation, as well as the rest of the Chinese computation, has not, up to the present, been accepted by the Representatives of the Powers, and I see little prospect of its acceptance unless with considerable modifications.

Some of the other items called for by the Treasury have probably been already furnished by you to His Majesty's Government. In that case I request you to give me the dates on which they were sent to the Foreign Office.

I take this opportunity of acknowledging the receipt of your letter of the 6th January, explaining with reference to your telegram of the 4th January that you had excluded the arrears of 1901, viz., Protocol taels 9,000,000, since the amount was not due till the end of 1904, but that in accordance with the 6th Article of the Protocol you had charged interest on these arrears at 4 per cent. per annum.

The interpretation put by the Representatives of the Powers on the stipulation of the Protocol relating to these arrears, is that China might defer payment till the end of 1904, but that whenever she paid them, it was to be with compound interest at 4 per cent. per annum. China was not to be allowed to pay simple interest for three years, or any less period, and then to tender the 9,000,000 taels. She has not paid them, as far as our accounts go, though she declares she has paid portions from time to time, in accordance with her assumption that the Protocol taels are silver Haikwan taels. Consequently we hold that she still owes the Powers 9,000,000 taels with compound interest, *i.e.*, the interest being added to capital at the end of each six months, and carried forward to a new account, exactly as is done with respect to the rest of the indemnity.

I should be glad to have the inclosures to this letter returned to me when you have done with them.

I am, &c.
(Signed) ERNEST SATOW.

Inclosure 3 in No. 1.

Mr. Hunter to Sir E. Satow.

Shanghae, February 3, 1905.

Sir,

I BEG to acknowledge receipt of your despatch of the 18th January last, and in accordance with the request of the Lords Commissioners of His Majesty's Treasury, I now have the honour to hand you the following statements:—

1. General Statement of the British Indemnity Account on the 1st January, 1905, showing:—

(*a.*) Amounts remitted to London.

(*b.*) Amounts paid in discharge of private claims and other charges, including 4 per cent. commission, British Delegate's expenses, &c.

(*c.*) Balance available in London.

2. Statement in sterling of amounts due to Great Britain up to the 1st January last, showing loss to British Government in sterling if the Chinese computation of October, 1904, in sterling is accepted.

3. Statement showing principal and also interest value of the British share in remaining instalments due from China.

As requested, I return you herewith the Chinese "Tableau des Sommes totales des Déficits de l'Indemnité," and your amended version of same.

I have, &c.

(Signed) H. HUNTER,
Pro-British Delegate.

Inclosure 4 in No. 1.

GENERAL Statement of the British General Indemnity Account on January 1, 1905.

(*a.*)		Shanghae Taels.	s. d.	£ s. d.	(*b.*)	£ s. d.	£ s. d.
July 1, 1902	Telegraphic transfer to London	1,364,246·89	2 3¼	154,898 17 4	Claim certificates issued	..	995,941 18 6
January 1, 1903	" " "	1,379,662·38	2 1½	146,589 2 6	Claim warrants issued	..	44,237 0 7
July 1, "	" " "	1,368,248·56	2 3	153,948 4 3	Interest paid to Imperial railways of North China—		
January 1, 1904	" " "	1,367,112·77	2 4½	150,208 10 7	From January 1, 1902, to July 1, 1903	20,820 0 0	
July 1, "	" " "	1,368,248·56	2 5¾	158,915 8 0	" July 1, 1903, " January 1, 1904	6,940 0 0	
January 1, 1905	" " "	1,370,407·83	2 6¾	184,862 6 1	" January 1, 1904, " July 1, "	6,940 0 0	
					" July 1, " " January 1, 1905	6,940 0 0	
					July 1, 1902 ‡ per cent. commission on telegraphic transfer of date to London paid Hong Kong and Shanghae Bank	41,640 0 0	
					January 1, 1903 Ditto	357 4 11	
					July 1, " Ditto	366 9 6	
					January 1, 1904 Ditto	384 17 5	
					July 1, " Ditto	400 10 5	
					January 1, 1905 Ditto	422 5 9	
						462 2 8	
					British Delegates' expenses from January 1902 to January 1, 1905, including sundry advertising in London	2,423 10 8	
					(*c.*) January 1, 1905 Balance available in London	1,058 2 10	
						186,121 16 2	
		969,422	8 9			969,422 8 9	

STATEMENT in Sterling of amounts due to Great Britain up to January 1, 1905, showing loss to British Government if the Chinese Computation of October 1904 in Sterling is accepted.

Date.	Due to Powers.	Great Britain's Share, 11·24901 per cent.
	£ s. d.	£ s. d.
July 1, 1902 ..	1,377,000 0 0	154,898 17 4
January 1, 1903 ..	1,951,425 0 0	219,515 19 10
July 1, " ..	1,365,511 10 0	153,606 10 6
January 1, 1904 ..	1,944,918 10 0	218,784 0 2
July 1, " ..	1,353,923 3 0	152,302 19 0
January 1, 1905 ..	1,938,501 12 0	218,062 4 9
	9,931,279 15 0	1,117,170 11 7
Less amount actually received and remitted to London during above periods..		969,422 8 9
		147,748 2 10
Less deficit according to Chinese computation of October 1904, to be paid by Chinese Government to Powers, 1,040,710*l.* 0*s.* 3*d.*		117,069 11 5
Estimated loss to British Government on original amount, as per Protocol		30,678 11 5

PRINCIPAL Value of the British Share in remaining Instalments due from China, *i.e.*, Sterling Value of the British Bond, after payment of Instalments, due January 1, 1905.

	£ s. d.	Principal. £ s. d.		£ s. d.	Interest. £ s. d.
Total amount of the British bond ..	..	7,593,081 15 0	*Less* instalments of interest to be considered as paid— ..	..	8,981,786 17 2
Less instalments of principal to be considered as paid— ..			Due July 1, 1902 ..	151,861 12 8	
Due January 1, 1903 ..	13,996 11 8		" January 1, 1903 ..	151,861 12 8	
" " 1, 1904 ..	14,556 8 10		" July 1, " ..	151,581 14 1	
" " 1, 1905 ..	15,138 14 0		" January 1, 1904 ..	151,581 14 1	
		43,691 14 6	" July 1, " ..	151,290 11 6	
		7,549,390 0 6	" January 1, 1905 ..	151,290 11 6	
					909,467 16 6
					8,072,319 0 8
Less British share of deficit resulting from calculation in the Protocol being carried to three decimal places only, *i.e.*, 11·24901 per cent. of 62,729·404 taels = 7,056·4369 taels at 3*s.*	..	1,058 9 3	Amount still to be received by the British Government if the present sterling bond is signed—		
			Principal	..	7,548,331 11 3
		7,548,331 11 3	Interest	..	8,072,319 0 8
					15,620,650 11 11

In the reply to this Letter the following Number should be quoted.

2867
05

TREASURY CHAMBERS,
20th February 1905

Sir,

With reference to the letter from This Department of the 21st November last (17024/04) and to your letter of the 13th December last, on the subject of the settlement of the Indemnity Claim of the Imperial Railways of North China, I am directed by the Lords Commissioners of His Majesty's Treasury to acquaint you that They have received a communication from the Army Council asking when the sum of £90,000 due to the War Office in discharge of the advance made to the Railways will be credited to Army Funds.

My Lords would, therefore, be glad to be informed, as early as possible, whether the Railway Administration is willing to accept Their proposal, whereby the first £90,000 of the receipts due to the Railway from the China Indemnity are to be applied in discharge of that advance.

I am,
Sir,
Your obedient Servant,

Ewfamilton

he Under Secretary of State,
Foreign Office.

Mr V. Tatlow
Dep. No 63
Feb. 20, 1905
N. China Railway Indemnity

THE BRITISH AND CHINESE CORPORATION, LIMITED.

3, Lombard Street, London, E.C.

February 20th. 1905.

Francis A. Campbell Esq., C. B.

Foreign Office, S. W.

Sir,

IMPERIAL RAILWAYS OF NORTH CHINA.

INDEMNITY CLAIM.

In conformity with Lord Lansdowne's desire expressed in your letter to us of the 1st. December 1904 (copy annexed) we wrote to our Agents in China requesting them to ascertain and reply by telegram whether the Northern Railway Administration acquiesce in the arrangement to which the Lords Commissioners of the Treasury have agreed that the private claims which have been given precedence of the Government claim having been satisfied one half of each instalment received from the Chinese Government shall be paid to the Railway Administration until the amount of the Railway Administration's claim has been discharged with interest, subject to the condition that the first Ninety thousand pounds of the receipts due to the Railway under this arrangement shall be applied in discharge of the advance made to the Administration from War Office funds.

We now beg leave to acquaint you for the information of Lord Lansdowne that we have received telegraphic advice from our Agents that the Directors of the Railway accept the arrangement proposed.

We further beg leave to request that it may be arranged that the payments to the Railway Administration may be made to the Administration through Messrs. Jardine, Matheson

2-1839-u-3

Treasury
2.30 P.M. } Feb 1905
(Rd. 7.0 Dec 13/04)

North China Railway Indemnity
Do Railway Admin^n agree to Treasury proposal that first £90,000 of receipts due to Railway from China Indemnity should be applied to repay advance made by W.O.?

We have just heard from the B. & C. Corporation that the Administration have accepted

Accepted the proposal but are writing to the Treasury shd.

Sir
I think we had better answer this at once stating that the Admiralty Gation have a precedent which a Commission in the Budget will reach them very shortly.

Feb 22/05

Feb 22/05

232 Ch 3.

& Co., Tientsin, who, as our Agents, presented the claim on behalf of the Railway and have had the conduct of all the negotiations and settlements which have been effected.

We are,

Sir,

Your obedient Servants,

THE BRITISH AND CHINESE CORPORATION, LIMITED.

per.

W. K. Newick
Chairman.

COPY.

FOREIGN OFFICE,

December 1st. 1904.

The Chairman,

British & Chinese Corporation,

3, Lombard Street, E. C.

Sir:-

With reference to the letter from this Office of the 27th. August last, I am directed by the Marquess of Lansdowne to inform you that His Lordship is now in a position to make a definite proposal for the liquidation of the claim for indemnity due from the Chinese Government to the Administration of the Imperial Railways of North China on account of the losses incurred by the Administration during the disturbances which took place in 1900.

As you are aware, the bulk of the Railway claim was included in the claim of His Majesty's Government, and equality of treatment would therefore be secured to the Administration if they were paid their due proportion of each instalment of the indemnity as received from China. His Majesty's Government recognizes however that the long delay which would thus be entailed in completing the settlement of the claim would be prejudicial to the railways as a commercial undertaking.

The Lords Commissioners of the Treasury have accordingly agreed that now that the private claims which have been given precedence of the Government claim have been satisfied, one half of each instalment received from the Chinese Government shall be paid to the Railway Administration until the amount of their claim has been discharged with interest, subject to the condition that the first Ninety thousand pounds of the receipts

due to the Railway under this arrangement shall be applied in discharge of the advance made to the Administration from War Office funds.

Lord Lansdowne would be glad if you would ascertain from the Administration whether His Lordship may assume that they acquiesce in this arrangement, in which case the first Ninety thousand pounds from their share will be paid to the War Office.

I am, Sir,

Your most obedient,

humble Servant,

(Signed) F. A. CAMPBELL.

5-1839-M-3

AFFAIRS OF CHINA.

[February 20.]

CONFIDENTIAL.

SECTION 3.

No. 1.

The British and Chinese Corporation to Foreign Office.—(Received February 20.)

Sir, 3, *Lombard Street, London, February* 20, 1905.

IN conformity with Lord Lansdowne's desire, expressed in your letter to us of the 1st December, 1904 (copy annexed), we wrote to our agents in China requesting them to ascertain and reply by telegram whether the Northern Railway Administration acquiesce in the arrangement to which the Lords Commissioners of the Treasury have agreed that the private claims which have been given precedence of the Government claim having been satisfied, one-half of each instalment received from the Chinese Government shall be paid to the Railway Administration until the amount of the Railway Administration's claim has been discharged with interest, subject to the condition that the first 90,000*l.* of the receipts due to the Railway under this arrangement shall be applied in discharge of the advance made to the Administration from War Office funds.

We now beg leave to acquaint you, for the information of Lord Lansdowne, that we have received telegraphic advice from our agents that the Directors of the Railway accept the arrangement proposed.

We further beg leave to request that it may be arranged that the payments to the Railway Administration may be made to the Administration through Messrs. Jardine, Matheson, and Co., Tien-tsin, who, as our agents, presented the claim on behalf of the Railway, and have had the conduct of all the negotiations and settlements which have been effected.

We are, &c.
Per the British and Chinese Corporation (Limited),
(Signed) W. KESWICK, *Chairman.*

Inclosure in No. 1.

Foreign Office to the British and Chinese Corporation.

Sir, *Foreign Office, December* 1, 1904.

WITH reference to the letter from this Office of the 27th August last, I am directed by the Marquess of Lansdowne to inform you that his Lordship is now in a position to make a definite proposal for the liquidation of the claim for indemnity due from the Chinese Government to the Administration of the Imperial Railways of North China on account of the losses incurred by the Administration during the disturbances which took place in 1900.

As you are aware, the bulk of the Railway claim was included in the claim of His Majesty's Government, and equality of treatment would therefore be secured to the Administration if they were paid their due proportion of each instalment of the indemnity as received from China. His Majesty's Government recognizes, however, that the long delay which would thus be entailed in completing the settlement of the claim would be prejudicial to the railways as a commercial undertaking.

The Lords Commissioners of the Treasury have accordingly agreed that now that the private claims which have been given precedence of the Government claim have been satisfied, one-half of each instalment received from the Chinese Government shall be paid to the Railway Administration until the amount of their claim has been discharged with interest, subject to the condition that the first 90,000*l.* of the receipts due to the Railway under this arrangement shall be applied in discharge of the advance made to the Administration from War Office funds.

Lord Lansdowne would be glad if you would ascertain from the Administration whether his Lordship may assume that they acquiesce in this arrangement, in which case the first 90,000*l.* from their share will be paid to the War Office.

I am, &c.
(Signed) F. A. CAMPBELL.

Hampson

F.O. 416

Feb: 22 : 05

Draft
Treasury
Immediate
H.

Sir,

I laid before the Marquess of Lansdowne your letter 2867/05 of the 20th inst, which you enquire whether the Railway Administration of the Imperial Railways of North China is willing to agree that the first £90,000 of the receipts due to the Railway from the China Indemnity should be applied in discharge of the advance made to the Railway from War Office funds.

funds.

I am to state in reply, (for the information of the Lds Comrs) that the Administration has agreed to ~~act in~~ the ~~manner reported~~ proposal [a that] [A further communication ~~on the~~ will shortly be addressed to you on the subject.

Draft
Treasury
F.O. Feb. 22 1905
(Reg their Feb. 20)

North China Railway Indemnity
Railway Admin^n has agreed to the
first £50,000 to repay advance made
by B.O. Will write further shortly.

221. Ch. D.

F. O.,
February 24 1905.
Despatched 1 p. M.

Draft.

Sir E. Satow

Telegram.

No. 27

B. & C. Corporation
Feb. 20. 05.

nt and Copies.

raphrase.

My Despatch No. 320 [of December 1 Northern Railways Indemnity].

Railway Administration have accepted proposal and British and Chinese Corporation request that payments to Administration should

be

be made through Jardine Matheson & Co., Tientsin, who as Corporation's Agents presented the claim, and have had the conduct of all the negotiations.

How should money be paid? Do you think that if request of Corporation were

were agreed to Jardines might claim to deduct 5% Commission (see your Despatch No. 327 of last year)?

FAL

F. O.,

Feb. 24 1905.

Draft.

Sir E. Satow

Paraphrase of Telegram.

No. 27

Print. China

Northern Railways Indemnity.

Please see your Desp. No 320 of Dec 1, 04.

Proposal having been accepted by Railway Administration, Brit. and Chinese Corpn. request that Jardine, Matheson & Co, Tientsin, may receive payments on behalf of Administration. The claim was they say presented by that firm as agents of the Corporation, and all the negotiations have been entrusted to them.

Please state what, in your opinion, should be the method of payment of the instalments.

With reference to your Desp. 327 of last year, do you think that Jardines might claim to deduct a 5% Commission, if the request of the Corporation were complied with?

189aa 2

DRAFT.

Sir E. Satow

[Ref: F.O. Desp. No 320]

TELEGRAM.

No. 27.

F. O. Feb: 24. 1905.

Northern Railways Indemnity.

B.C. Corp. requests that payments to Administration should be made through Jardine, Matheson & Co. Inquiries how money should be paid.

Print and Copies.

Paraphrase.

[B.C. Corp. Feb 20, 05]

98. Ch. 1.

Decypher, Sir. E. Satow. Peking. 1.20. / 12.30. } P.M. 25. Feb: 1905.

[Northern Railways Indemnity]

No. 36.

Your Telegram. No. 27 of [Feb: 24.]

I would suggest that the money should be paid to the Railway Administration through the Hong Kong and Shanghai Bank at Tientsin in the same way as the instalments of interest have hitherto been paid.

I think it is certain that Jardine would claim 5% commission if paid through them since they have recently addressed Hu respecting their claim and Hu has consequently asked me to request His Majesty's Government not to let payments pass through their hands.

DRAFT.

Sir E. Satow

Paraphrase of Telegram.

No. 27

F. O. Feb. 24 1905

N Rys

Print. Affna

Telegram P.

BRITISH LEGATION,

PEKING,

February 25th, 1905. ~~190~~ .

Paraphrase of Telegram.

No. 36

In reply to Your Lordship's telegram No. 27 I would suggest that payment to the Railway Administration should be made through the Tientsin branch of the Hongkong and Shanghai Bank in the same manner as that in which the payment of instalments of interests has hitherto been made.

Jardine, Matheson and Co. would I think certainly claim a commission of 5 per cent if payment were made through them, for they have recently again addressed Hu on the subject of their claim. Hu has therefore asked me to ask His Majesty's Government not to allow payments to be made through them.

Ernest Satow

1-1139 bbb

Tel. No. 36.

Peking 25 February 1905.

(Ref F.O. tel. No. 27)

Sino-Russian Railway Administration

Inquiry which should be made to Railway Administration through Hongkong and Shanghai Bank at Tientsin.

Copy to B.C.

Q.M. Japan B.C.

Corporation, in 2945 & their letter of Feb. 20, text as in the case

1149 C.K.

Case of Jardine Matheson & Co. claim the money should be paid to the Administration through the Hongkong and Shanghai Bank under the Administration expenses a still & have it paid direct.

And send a copy of this telegram to the Treasury with the

Corporation.

Tel

62.

Sylo.

Treasury B.C. Corp.

Y.L. 28.03

Mr. Campbell

F.O. 422.
Feb: 28 : 05

Draft
Treasury

Sir,

With reference to the letter from this Office of the 22nd inst, I am directed by the Marquess of Lansdowne to transmit to you herewith, to be laid before the Lords Comm^rs of the Treasury, a copy of a letter which has recently been received from the British and Chinese Corporation relative to the payment of the Indemnity claim of the Imperial Railways of North China.

The Administration agree to that one half of each instalment of

B. and C. Corp^n
Feb: 20, 1905

S. Salow Tel. 36
Feb: 25, 05

B. & C. Corp^n
Feb: 28 : 05

PEKING. February 25th

Paraphrase of Tel.

No. 36.

Recd.

By Bag. Feb. 25

Northern Railway Indemnity:

27/4
Brent (China)

of the indemnity received from the Chinese Govt shall be paid to the Railway Administration until the amount of the Railway Administration's claim has been discharged with interest, subject to the condition that the first ninety thousand pounds of the receipts due to the Railway under this arrangement shall be applied in discharge of the advance made to the Administration from War Office funds.

~~It is further requested~~ ~~by the Corporation~~ The Corporation request that

that the payments to the Railway Administration may be made to the Administration through Messrs Jardine, Matheson and Co.

~~With regard to this~~ On receipt of the inclosure ~~point~~ a tel. was addressed to H.M. Min at Peking, ~~enquiring~~ asking for ~~what, in~~ his opinion, ~~should be~~ as to the method of payment of the instalments to the Railway Administration, and ~~asking~~ whether ~~the opinion of~~ it was likely that Messrs Jardine Matheson & Co ~~to~~ would, if the money was paid through their agency, deduct 5% commission which they claim ~~was admissible~~.

In his reply, a copy of which is enclosed, Sir E. Satow suggests that the money should be paid to the Administration through

through the Hongkong and Shanghae Bank at Tientsin in the same manner as the instalments of interest have hitherto been paid. He adds that he has been asked by the ~~Chinese Govt~~ Administration to request H. M. Govt. not to allow the payments to pass through the hands of Messrs Jardine Matheson & Co, in view of ~~the possible~~ their claim ~~by them~~ to a 5% commission.

I am to enclose, for your information, a copy of the ~~correspondence advanced~~ ~~letter~~ letter which has been addressed to the B. & C. Corporation, informing them that, as in the case of every other claimant, the money must be paid to the Administration through the Hongkong and Shanghae Bank unless

unless the Administration expresses a wish to have it paid otherwise.

FAL

Mr Campson

F.O.

Feb: 28: 05.

Draft

The Chairman,
British & Chinese Corp.ⁿ
3 Lombard Street
E.C.

Sir, I am directed by the Marquess of Lansdowne to acknowledge the receipt of your letter of the 20th inst, in which you state that the Directors of the Imperial Railways of North China agree to accept the proposal that one half of each instalment of the Indemnity received from the Chinese Govt shall be paid to the Railway Administration until the amount of the Administration's claim has been discharged with interest, subject to the condition that the first £90,000

of

Sir E. Satow, Tel: 36
Feb: 25, 05

P.L. March 3. 1905.

Copy ~~Tokio~~ Peking

Draft
Treasury
F.O. Feb. 28 1905
(Ref FO. Feb 25)

North China Railway Indemnity
Inquiries Br & Chinese Corp.ⁿ Feb 20
& Sir E. Satow Tel 36
Feb 25.

237 ch. D.

of the receipts due to the railway under this arrangement shall be applied in discharge of the advance made to the Administration from War Office funds.

With regard to your request that the payments may be made to the Administration through Messrs Jardine, Matheson and Co, Tientsin, I am to inform you that ~~in Lord Lansdowne's opinion~~ the ~~payments~~ instalments must, as in the case of every other claimant, be paid to the Administration through the

the Hongkong and Shanghai Bank, unless the Administration expresses the wish that the payments should be made otherwise.

JHB

Elliott

Dft.

War Office

F.O.

March. 13. 1905.

Sir,

I am directed by the M. of Lansdowne to tr: to you, to be laid before the Army Council, a copy of a desp. which has been received from H.M.'s Minister at Peking, on the subject of the services rendered by the Traffic Manager of

Sir E. Satow

No. 1 Treaty Jan. 6. 1905

Draft

Brs Chinese Corporation

F.O. Feb. 28 1905.

(Ref their Feb. 20)

North China Railway Indemnity

Intermediate must be paid through Hongkong & Shanghai Bank under Railway Admin. with Mercial

Copy Peking

No. 1 Feb. 3.

(Sir Mackay No. 4 Feb 25)

247. ch. D.

of the Imperial Railways of North China during the time that the section of the line between Peking and Shanhaikwan was under British Administration.

The Council will observe that Mr. Foley claims to have discharged his duties as Traffic Manager to general satisfaction, and points out that H.M.G. is the only one concerned from which he has not received recognition of his services.

Lord Lansdowne would be glad if the Council could furnish him with the opinions of General Sir A. Gaselee and General Sir O'M. Creagh on the value of the services rendered by Mr. Foley.

PEKING.

95. March 16 1905

No. 16 Confidential.
R. 15. 1905

My Lord,

I have the honour to transmit to Your Lordship herewith copy of a despatch which I have received from his Majesty's Consul General at Tientsin respecting the suspension of goods traffic on the Kowpangtze-Hsimmintun section of the Imperial Railways of North China

I have the honour to be, with the highest respect,

My Lord,

Your Lordship's most obedient,

humble servant,

Ernest Satow

Marquess of Lansdowne K. G.

His Majesty's Principal Secretary of State for Foreign Affairs

R R R 2-1976-f-2

Draft
War Office.
F.O. March 13 1905.

Services of Mr. Foley as Traffic Manager of N. China Imp. Railways

To apply Lt. Satow's Treaty Jurisdiction

Would like opinions of Journals Lt. Gaskell & Lt. Colm. Keogh.

275 C.D.

SUSPENSION OF GOODS TRAFFIC ON THE KOUPANGTZU-HSINMINTUN SECTION.

Gives the reason.

H. M. Consulate-General

Tientsin

March 16, 1905.

Rec^d " 15, ".

Sir,

Wishing to know, if possible, the reason of the reported suspension of goods traffic on the Koupangtzu-Hsinmintun section of the Imperial Railways of North China, I called this morning on Mr M. T. Liang, the Managing Director.

Mr Liang at first hesitated, but learning, in reply to a question from himself, that I should use any particulars he gave me only for your confidential information, he told me as follows:

Goods traffic is suspended between Koupangtzu Junction and Hsinmintun in one direction, and Yingkou Station in the other, as a kind of protest on the part of the Railway Administration in consequence of the recent action of the Japanese Military Authorities.

It appears that Messrs Bush Brothers of Newchwang lately applied to the railway Authorities at Yingkou Station for facilities for sending to Hsinmintun daily 400 tons of rice and barley. They were informed this could not be done except by special permission of the Head Office at Tientsin. On the

Ernest M. Satow G.C.M.G.

H. M. Minister

Peking.

Peking March 16th 1905.

Sir E. Satow's No: 95.

Rec: by bag May 6 / Enclos:

North China Railways: Suspension of Goods Traffic on Koupangtzu-Hsinmintun Section

Foreign Office to Treasury

F. O. (H. O.)

Treasury Dep.t & Rec. for further Dep.t: No. 104. Boxes

343 C.R.C.

the 11th instant, Mr Cheyne, Traffic Inspector at Yingkou, received a letter, of which Mr Liang allowed me to take a copy, from the Japanese Military Administration at Yingkou. This communication runs as follows:-

"Ingkou, 11 March 1906.

Mr Cheyne,

"I have 660 tons going to Hsinmintun for use of Japanese Military, will you kindly forward the same, knowing it is against the Rules of the Railway, I insist on these cargoes being forwarded.

Yours truly

(First name illegible) Shoji

Military Administration at Ingkou."

I gathered that this particular consignment did go forward, but the Railway Authorities here, on the incident being reported, suspended further traffic between Yingkou and Hsinmintun, and Mr Liang said the Japanese Military and Consular Authorities were, he understood, having interviews with the Viceroy with a view to a friendly settlement of the difficulty being come to.

I have the honour to be,

Sir,

Your most obedient

Humble servant

L. C. Hopkins

Consul-General.

March 16th 1905.

in Sir E. Satow's No. 95

BELLIGERENTS IN NEUTRAL TERRITORY. [May 6.]

CONFIDENTIAL. SECTION 2.

No. 1.

Sir E. Satow to the Marquess of Lansdowne.—(Received May 6.)

(No. 95.)

My Lord, *Peking, March* 16, 1905.

I HAVE the honour to transmit to your Lordship herewith copy of a despatch which I have received from His Majesty's Consul-General at Tien-tsin respecting the suspension of goods traffic on the Koupangtzu-Hsinmintun section of the Imperial Railways of North China.

I have, &c.
(Signed) ERNEST SATOW.

Inclosure in No. 1.

Consul-General Hopkins to Sir E. Satow.

(No. 16. Confidential.)

Sir, *Tien-tsin, March* 15, 1905.

WISHING to know, if possible, the reason of the reported suspension of goods traffic on the Koupangtzu-Hsinmintun section of the Imperial Railways of North China, I called this morning on Mr. M. T. Liang, the Managing Director.

Mr. Liang at first hesitated, but learning, in reply to a question from himself, that I should use any particulars he gave me only for your confidential information, he told me as follows:—

Goods traffic is suspended between Koupangtzu Junction and Hsinmintun in one direction, and Yingkou Station in the other, as a kind of protest on the part of the Railway Administration in consequence of the recent action of the Japanese military authorities.

It appears that Messrs. Bush Brothers, of Newchwang, lately applied to the railway authorities at Yingkou Station for facilities for sending to Hsinmintun daily 450 tons of rice and barley. They were informed this could not be done except by special permission of the head office at Tien-tsin. On the 11th instant Mr. Cheyne, traffic inspector at Yingkou, received a letter, of which Mr. Liang allowed me to take a copy, from the Japanese Military Administration at Yingkou. This communication runs as follows:—

"Mr. Cheyne, "*Ingkou, March* 11, 1905.

"I have 660 tons going to Hsinmintun for use of Japanese military. Will you kindly forward the same, knowing it is against the rules of the railway? I insist on these cargoes being forwarded.

"Yours truly,
(Signed) "(First name illegible) SHOJI,
"*Military Administration at Ingkou.*"

I gathered that this particular consignment did go forward, but the railway authorities here, on the incident being reported, suspended further traffic between Yingkou and Hsinmintun, and Mr. Liang said the Japanese military and Consular authorities were, he understood, having interviews with the Viceroy with a view to a friendly settlement of the difficulty being come to.

I have, &c.
(Signed) L. C. HOPKINS.

No. 083/4131 M.O.-2.

It is requested that in any further communication on this subject, the above Number may be quoted; and the letter addressed to—

The ~~Under~~ Secretary ~~of State~~,
War Office,
London, S.W.

WAR OFFICE,
LONDON, S.W.,

17th March 1905.

Sir,

I am commanded by the Army Council to acknowledge your letter of the 13th March with reference to the services rendered by the Traffic Manager of the Imperial Railways of North China during the time that the section of the line between Peking and Shanhaikwan was under British Administration.

2. I am to say that as both Lieutenant General Sir A, Gaselee and Major General Sir O'M Creagh are at present serving in India a copy of your letter with the enclosures has been forwarded to the Under Secretary of State for India and he has been requested to lay it before Mr. Brodrick with the view of the information which is required by the Marquess of Lansdowne being obtained.

I have the honour to be,
Sir,
Your obedient servant,

P. A. Wade

Under Secretary of State,

Foreign Office.

PEKING.

104

March 23 1905

My Lord,

I have the honour to transmit to you herewith, with reference to my despatch No: 95 of the 16th instant, copy of a despatch which I have received from his Majesty's Consul at Newchwang with regard to the stoppage of traffic on the Imperial Chinese Railway at Newchwang.

I have the honour to be, with the highest respect,

My Lord,

Your Lordship's most obedient,

humble servant,

Ernest Satow

The Marquess of Lansdowne K.G.
His Majesty's Principal Secretary of State for Foreign Affairs

K K K 2-1976 f3

Encl. No. 11
23. 1905

War Office
2/3/ 1905

(Ref. F.O. Mch. 13)

Services of traffic manager of North China Railway during Boxer admin. of Peking-Hankow section

I.O. letter referred to I.O. offering further assistance in India.

Sir E. Satow enclosed a copy of a letter from the traffic manager, Mr Foley, asking that his services might be recognized by H.M.G.

It was held that a present would be more suitable than a decoration.

347 (Ch. D)

he asked the War Office to let us have the opinions of Sir A. Gaselee and Sir O.M. Creagh on the value of the services rendered by Mr Foley.

Q.V. Avoid letter from India Office.

Feb 18/3

H.M.Consulate,Newchwang,

(Extract)
No.11.

March 20th,1905.
Rec^d " 23rd, "

Sir,

On the 14th instant I had the honour to inform you by telegraph that the Chinese Railway Authorities had withdrawn their rolling stock from this station to Kou Pang Tzu,in consequence of alleged threats on the part of the Japanese Military Aut orities to seize the line,if difficulties were placed in the way of conveyance of rice from here to Hsin Min T'un.

Traffic was resumed on the 16th instant some understanding having been a rived at between the Japanese and Railway Authorities in Tientsin.

It appears that a large quantity of rice has been recently forwarded by Messrs Bush Brothers to Hsin Min T'un nominally for Chinese but really for the Japanese troops

Ernest M.Satow,G.C.M.G.,
His Majesty's Minister,

1905.

Peking March 23rd
Sir E. Satow's
No: 104

Ref: P. 95/05
Rec: by bag Friday 6 / Enclos:

North China Railway:
Stoppage of Traffic

Paris (Political & Secret Intelligence Branches)
Tokio
F.O. (Political)

The Russian authorities in Army Corps handle complaint

Complaint of the Railway Office has been heard from a neutral source in Ewan since the Russian troops arrived, have the Chinese suffered from it.

Tokio, Sept. 16 1905.

Mr. Rennie made explicit mention of this & explained to the Chinese how brutal the Japanese were compelled to the requisition the Civil Officers,

I think, reported that there was no breach of neutrality in the carriage of rice by the railway to the Russians at Mukden.

Feb 8/6

3 32 Ch. R.

troops.The Railway Authorities were willing to allow this rice to go forward in the name of Chinese and in reasonable quantities,but on an attempt being made to rush matters,in contemplation of the ice in the river clearing off and consequent greater difficulties in sending the rice across to the railway,objections were raised.

On the 11th instant Messrs Bush Brothers brought me a declaration signed by them to the effect that the rice they were sending to Hsin Min T'un was consigned to Chinese and asked me to witness their signature.I did so.They gave me to understand that the traffic inspector of the Chinese Railway Mr.Cheyne required such a document from them to protect the railway from a charge of conveying contraband to a belligerent.

I had not at that time heard anything of any trouble with the Railway officials on the subject,but on Monday the 13th instant I learned that on the arrival of the train from Shan Hai Kuan on Sunday night,it returned at once to Kou Pang Tzu leaving no cars of engine for the usual morning train to Shan Hai Kuan.

On making enquiries of Messrs Bush Brothers they told me that threats had been made by Colonel Hibiki Japanese transport officer to the Chinese station master that the termini at Newchwang and Hsin Min T'un would be seized by the Japanese troops unless supplies were carried freely by the railway from Newchwang to Hsin Min T'un.

The Japanese Consul on the other hand informed me confidentially that it was Messrs Bush Brothers' people who had made the threats.Mr.Cox District Engineer of the railway has since informed me that the trouble was really caused by Messrs Bush Brothers insisting on forwarding rice and other stores in their own name.The Railway was willing to carry the goods in Chinese names.Threats were made by Bush Brothers as to what the Japanese would do if the Railway would not carry the goods.Mr.Cox then asked Mr.Shoji a Japanese official in residence at the Railway station as Censor of telegrams,traffic etc whether Bush's threats were justified and on his reply in the affirmative informed

4 - 1976 f3

informed his railway authorities. Meantime the goods ~~were~~ continued to be forwarded under protest some document to that effect being signed by the Japanese Authorities.

Subsequently traffic was stopped for three days.

Rice and stores are now being forwarded freely under declarations signed by Rush Brothers before me that they are consigned to Chinese for Chinese use.

The incident is typical of Chinese methods. The trade in contraband between Tientsin, Chin Wang Tao, and Hsin Min T'un under "Hu chao" issued by the Tientsin Taotai on Consular applications had grown to enormous dimensions. Its destination was notorious, but an appearance of "neutrality" was observed. The present attempt of the Japanese or their contractors to have supplies openly conveyed by the railway is at once resented and they have apparently consented to continue the system under which goods were carried to the Russians.

I have the honour to be,

Sir,

Your most obedient humble servant

(Sd) H. E. Fulford

Consul.

5 - 1976 f3

March 23rd 1905.

in Sir E. Satow's No 104

No. 1.

Sir E. Satow to the Marquess of Lansdowne.—(Received May 6.)

(No. 104.)

My Lord, *Peking, March* 23, 1905.

I HAVE the honour to transmit to you herewith, with reference to my despatch No. 95 of the 16th instant, copy of a despatch which I have received from His Majesty's Consul at Newchwang with regard to the stoppage of traffic on the Imperial Chinese Railway at Newchwang.

I have, &c.
(Signed) ERNEST SATOW.

Inclosure in No. 1.

Consul Fulford to Sir E. Satow.

(No. 11.)

Sir, *Newchwang, March* 20, 1905.

ON the 14th instant I had the honour to inform you, by telegraph, that the Chinese railway authorities had withdrawn their rolling-stock from this station to Kou Pang Tzu, in consequence of alleged threats on the part of the Japanese military authorities to seize the line if difficulties were placed in the way of conveyance of rice from here to Hsin Min T'un.

Traffic was resumed on the 16th instant, some understanding having been arrived at between the Japanese and railway authorities in Tien-tsin.

It appears that a large quantity of rice has been recently forwarded by Messrs. Bush Brothers to Hsin Min T'un, nominally for Chinese, but really for the Japanese, troops. The railway authorities were willing to allow this rice to go forward in the name of Chinese, and in reasonable quantities, but on an attempt being made to rush matters, in contemplation of the ice in the river clearing off, and consequent greater difficulties in sending the rice across to the railway, objections were raised.

On the 11th instant Messrs. Bush Brothers brought me a Declaration signed by them to the effect that the rice they were sending to Hsin Min T'un was consigned to Chinese, and asked me to witness their signature. I did so. They gave me to understand that the traffic inspector of the Chinese Railway, Mr. Cheyne, required such a document from them to protect the railway from a charge of conveying contraband to a belligerent.

I had not at that time heard anything of any trouble with the railway officials on the subject, but on Monday, the 13th instant, I learned that on the arrival of the train from Shan Hai Kuan on Sunday night it returned at once to Kou Pang Tzu, leaving no cars or engine for the usual morning train to Shan Hai Kuan.

On making inquiries of Messrs. Bush Brothers, they told me that threats had been made by Colonel Hibiki, Japanese transport officer, to the Chinese station-master that the termini at Newchwang and Hsin Min T'un would be seized by the Japanese troops unless supplies were carried freely by the railway from Newchwang to Hsin Min T'un.

The Japanese Consul, on the other hand, informed me confidentially that it was Messrs. Bush Brothers' people who had made the threats. Mr. Cox, district engineer of the railway, has since informed me that the trouble was really caused by Messrs. Bush Brothers insisting on forwarding rice and other stores in their own name. The railway was willing to carry the goods in Chinese names. Threats were made by Bush Brothers as to what the Japanese would do if the railway would not carry the goods. Mr. Cox then asked Mr. Shoji, a Japanese official in residence at the railway station as censor of telegrams, traffic, &c., whether Bush's threats were justified, and, on his reply in the affirmative, informed his railway authorities. Meantime the goods

continued to be forwarded under protest, some document to that effect being signed by the Japanese authorities.

Subsequently traffic was stopped for three days.

Rice and stores are now being forwarded freely under Declarations signed by Bush Brothers before me that they are consigned to Chinese for Chinese use.

The incident is typical of Chinese methods. The trade in contraband between Tien-tsin, Chin Wang Tao, and Hsin Min T'un, under "Huchao" issued by the Tien-tsin Taotai on Consular applications, had grown to enormous dimensions. Its destination was notorious, but an appearance of "neutrality" was observed. The present attempt of the Japanese, or their contractors, to have supplies openly conveyed by the railway is at once resented, and they have apparently consented to continue the system under which goods were carried to the Russians.

I have, &c.
(Signed) H. E. FULFORD.

In the reply to this Letter the following Number should be quoted.

069
05

TREASURY CHAMBERS,

23rd March 1905.

Sir,

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Campbell's letter of the 28th ultimo transmitting by direction of the Secretary of State for Foreign Affairs a copy of a letter from the British and Chinese Corporation respecting the payment of the Indemnity claim of the Imperial Railways of North China.

As the Railway Administration has accepted the proposal that one half of each instalment of the Indemnity received from China should be paid to the Administration until its claim has been liquidated with interest, and that the first £90,000 of the Railway share should be applied in discharge of the debt due from the Administration to the War Office, My Lords are of opinion that steps may at once be taken to repay the sum of £90,000 to the War Office out of the Indemnity instalment received in January last.

I am accordingly to suggest that directions may now be given to the Hong Kong and Shanghai Banking Corporation to make the following payments out of the Indemnity moneys in their possession:

(1) To the War Office £90,000 by cheque drawn in favour of His Majesty's Paymaster General and transmitted to the Director of Army Finance.

(2)

The Under Secretary of State,
Foreign Office.

2-1889-aa-1

(2) To the Railway Administration the balance of the Railway share of the January instalment of the Indemnity, namely, one half of £184,853.11.11, less £90,000, and less the cost of remittance.

(3) To this Department the remainder of the Indemnity funds in hand, with interest accrued thereon, by cheque drawn in favour of His Majesty's Paymaster General and transmitted to the Secretary to the Treasury. My Lords will be glad if the Marquess of Lansdowne will cause Them to be furnished in due course with a statement of the sum due to be paid over to the Exchequer under these arrangements.

The Railway Administration should be informed of the sum falling to its share out of the January instalment and of its application.

My Lords concur in the proposal that the Railway share should in future be paid to the Administration through the Hong Kong and Shanghai Bank at Tientsin, vouchers for the payments being transmitted to the Foreign Office. In the event of the Chinese payments to this country being settled to be made by telegraphic transfers on London, it will be necessary to arrange with the Bank as to the terms on which the Railway Shares will be converted into payments at Tientsin. His Majesty's Minister should be instructed to furnish on the occasion of each payment a statement shewing how much of the principal of the Railway claim has been discharged.

Although

Although it is intended that the Government share of the Indemnity should be paid to the Exchequer and applied in reduction of debt, My Lords are of opinion that it will be equitable that Army Funds should be credited with the interest received on the advance of £90,000 as part of the Indemnity. As the interest on that sum has been withheld from the interest payments made to the Railway Administration, it will fall to be paid to the War Office out of the Government portion of the receipts. I am to request that the amount accrued as interest upon the £90,000 from the date at which interest began to be paid by China up to the date of payment of the £90,000 to the War Office, may be ascertained.

I am,

Sir,

Your obedient servant,

Ed Hamilton

440a

AFFAIRS OF CHINA. [March 24.]

CONFIDENTIAL. SECTION 2.

No. 1.

Treasury to Foreign Office.—(Received March 24.)

Sir, *Treasury Chambers, March* 23, 1905.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Campbell's letter of the 28th ultimo, transmitting, by direction of the Secretary of State for Foreign Affairs, a copy of a letter from the British and Chinese Corporation respecting the payment of the Indemnity claim of the Imperial Railways of North China.

As the Railway Administration has accepted the proposal that one-half of each instalment of the Indemnity received from China should be paid to the Administration until its claim has been liquidated with interest, and that the first 90,000*l.* of the railway share should be applied in discharge of the debt due from the Administration to the War Office, my Lords are of opinion that steps may at once be taken to repay the sum of 90,000*l.* to the War Office out of the Indemnity instalment received in January last.

I am accordingly to suggest that directions may now be given to the Hong Kong and Shanghae Banking Corporation to make the following payments out of the Indemnity moneys in their possession:—

(1.) To the War Office 90,000*l.* by cheque drawn in favour of His Majesty's Paymaster-General and transmitted to the Director of Army Finance.

(2.) To the Railway Administration the balance of the Railway share of the January instalment of the Indemnity, namely, one-half of 184,853*l.* 11*s.* 11*d.*, less 90,000*l.*, and less the cost of remittance.

(3.) To this Department the remainder of the Indemnity funds in hand, with interest accrued thereon, by cheque drawn in favour of His Majesty's Paymaster-General and transmitted to the Secretary to the Treasury. My Lords will be glad if the Marquess of Lansdowne will cause them to be furnished in due course with a statement of the sum due to be paid over to the Exchequer under these arrangements.

The Railway Administration should be informed of the sum falling to its share out of the January instalment and of its application.

My Lords concur in the proposal that the Railway share should in future be paid to the Administration through the Hong Kong and Shanghae Bank at Tien-tsin, vouchers for the payments being transmitted to the Foreign Office. In the event of the Chinese payments to this country being settled to be made by telegraphic transfers on London, it will be necessary to arrange with the Bank as to the terms on which the Railway shares will be converted into payments at Tien-tsin. His Majesty's Minister should be instructed to furnish on the occasion of each payment a statement showing how much of the principal of the Railway claim has been discharged.

Although it is intended that the Government share of the Indemnity should be paid to the Exchequer and applied in reduction of debt, my Lords are of opinion that it will be equitable that army funds should be credited with the interest received on the advance of 90,000*l.* as part of the indemnity. As the interest on that sum has been withheld from the interest payments made to the Railway Administration, it will fall to be paid to the War Office out of the Government portion of the receipts. I am to request that the amount accrued as interest upon the 90,000*l.* from the date at which interest began to be paid by China up to the date of payment of the 90,000*l.* to the War Office, may be ascertained.

I am, &c.
(Signed) E. W. HAMILTON.

Treasury
23 Mar. 1905
R 24 March 1905
(Rep. No. 3 to 28)

North China Railway Indemnity
Suggests that instalment of China's Indemnity be distributed half to Treasury, & balance to Army. Asks that 90,000 to repay letters sent to W.O. Interest on this sum should be paid to Army Funds; what is its amount? Method of future payments of Ry share of Indemnity.

Print (Ch. 4)
Send
to the Exchequer minute
JAL

Draft
Hongkong & Shanghai Bk
Limited
April 1.
375 C.K.8

Treasury March 23, 1905 (441)

North China Railway Indemnity.

The private claims were all settled out of the instalment received for the first half of 1904 and in addition a balance of £8,616.0.4 was carried forward (v. Mr Bevis' letter of July 15 - 1904). The share due to the Railway Administration out of the January instalment is one half of £184,853 . 11 . 11 less the cost of remittance,

10

Treasury March 23, 05.

North China Railway

so that there ought to be enough to liquidate the debt of £90.000 which the Administration owe to the War Office.

We have not yet heard from Sir E. Satow whether the proposal for telegraphic transfers, which we have approved, has been accepted.

Until we learn from the Bank the date of payment of the £90.000 to the War Office we cannot say what is the amount accrued as interest upon that sum from the date at which interest began to be paid by China.

Q^y Inform the H. & S. Bank that the R^y Admin^n have accepted the proposal made to them by H.M.G. that one half of each instalment of the Indemnity should be paid to the Administration until their claim has been liquidated with interest and that the first £90.000 of the Railway share should be

be applied in discharge of the debt due from the Admin.n to the War Office.

Request them to make the payments suggested under (1), (2), & (3) in the Treasury letter and to let us know the amounts so paid and the dates of payment.

Say that the Railway share of the Indemnity should be paid to the Administration through the Tientsin branch of the Bank as was done in the case of the instalments of the interest, and that we should be glad to be furnished with vouchers for the payments, and ask them to inform us of the amount accrued as interest upon the £90.000 from the date at which interest began to be paid by China up to the date of payment of the £90.000 to the War Office.

When we have received their reply we shall be able to (1). Send the Treasury the

the information they ask for, and

(2) inform the Railway Administration of the sum falling to their share out of the January instalment and of its application.

Before instructing Sir E. Satow as suggested by the Treasury we must, I suppose, wait until we hear whether the proposal for telegraphic transfers has been accepted.

E.E.S.

I think it is all pretty clear, but we had better shew our draft to H & S Bank to the Treasury privately, to be sure that it is right.

FAL 28/3/05

Drft
Hongkong and Shanghai Bk
April. 1. 05

Mr. Blane (Treasury) has approved the draft.

Any further communication on this subject, should be addressed to—

The Secretary,
War Office,
London, S.W.,

and the following number quoted.

WAR OFFICE,

28th March, 1905.

No. 083/4006 7.1.13.

Sir, With reference to Treasury letter of the 23rd. inst I am directed to ~~transmit the accompanying~~ request that

1089/05

~~detailing~~ the sum of £90000 : 0 : due to this department ~~on account of~~ out of the Indemnity funds lodged with the Hong Kong & Shanghai Banking Corporation in repayment of the advance made from army funds to the North China Railways, may ~~and to request that you will cause that amount to~~ be transferred to the credit of army funds, for which purpose receivable order no. 2031 has been forwarded to the Paymaster-general.

I am, Sir,

Your obedient servant,

J. W. Higgins

for the Director of Army Finance.

Under Secretary of State
Foreign Office

H W V 500 2—04
500 6—04

No. 108.

PEKING,
March 29th, 1905.

My Lord:-

In a letter from the Foreign Office to the Admiralty of September 23rd last, a copy of which was included in the "Affairs of China" Print which reached me by last bag, I observe a statement that "British Bond-"holders hold all the shares in the Imperial Northern Rail-"ways, which with their branches cover a distance of some "600 miles".

I beg to point out that this is not an accurate description of the facts.

There are no "shares" held by foreigners in the Imperial Northern Railways, which are a Government undertaking. Any shares that may have been at any time held by Chinese subjects in the original Kaiping Railway have been nearly all acquired by the railway administration, and, as reported in my despatch No. 72 of February 27th, the British and Chinese Corporation appear to have declared their willingness

Marquess of Lansdowne, K.G.
etc etc.

War Office
28/3/05 Received March 1905.

(Ref. Treasury Mch 23)

Advance made to the China Railways
Requests £90,000 may be transferred to Army Funds.

The War Office are under the impression that the £90000 is to be transferred from our Votes, whereas it will be paid to them by the Hongkong and Shanghai Bank direct (see Treasury letter of March 23).

The W.O. will also eventually get the amount accrued as interest upon that sum from the date at which interest began to be paid by China up to the date of payment of the £90,000 to them, when that amount has been ascertained.

Q. Inform them that in accordance with Treasury advice the H.-S. Bank have been requested to pay them the sum of £90,000 by cheque drawn in favour of H.M.'s Paymaster

Paymaster-General and transmitted to the Director of Army Finance. E.S.S.

File

Draft April. 4. 05.

389. Ch. D.

willingness to recognize that the Chinese Government is entitled to receive out of the revenue interest at 6% on an assumed capital of 17,000,000 dollars.

There are no British shareholders in the Railways in question and never have been, and it is also incorrect to speak of this Government undertaking as if it were the property of a Railway Company in the sense in which that term is used in England.

Were the statement contained in the letter under review altered by saying "British Bondholders hold all the "bonds of the Northern Railways Loan of 1898, which is se-"cured upon the property of the intramural line and upon "the freight and earnings of the extramural lines" it would, even then, in all probability be found to contain an exaggeration of the interests of the British Bondholders.

As the bonds are to bearer, there is nothing to show the nationality of the bondholders, and it is more than probable that a considerable portion are in the hands of foreign investors. It is possible that the London Office of

of the Hongkong & Shanghai Banking Corporation could arrive at an approximate estimate by reference to their register of interest coupons paid, as the coupons of bonds held abroad would probably be presented through Continental Banks.

I have the honour to be,

With the highest respect,

My Lord,

Your Lordship's most obedient,

humble Servant,

Ernest Satow

April 1. 05

Draft.

The Chairman.
Hongkong and Shanghai
Bk.

Sir,

With reference to the ~~payment of the~~ Indemnity Claim of the Imperial Railways of North China, I am directed by the Marquess of Lansdowne to inform you that the Railway Administration have accepted the proposal made to them by H.M. Govt that one half of each instalment of the Indemnity received from the Chinese Govt shall

Treasury, March 23, 05]

Print (China)
Peking

Show to Treasury privately before writing out.
[illegible] FCB
Shown and approved.

Peking.
Sir E. Satow's
No 108.
Ref F.O. 26/03.
Rec'd April 22.
Reply.

Chinese Northern Railways.
Foreigners hold no shares in.

April 29th

Sir E. Satow's No 108.

Ref F.O. 26/03.

Rec'd April 22.

Reply.

Chinese Northern Railways.
Foreigners hold no shares in.

In view of the fact that there is a British Consulate at Tientsin, the British Consul is not expected to take credit for the prosperity.

I think it will be enough if we tell the Chinese Government that our attention has been called by Sir E. Satow to the preliminary of the Indemnity instalment

are approved and there is a British Consulate for the Tientsin Railway, the British Consul is expected to take credit for the prosperity of the Tientsin Railway. It will be enough if we tell the Chinese Government that our attention has been called by Sir E. Satow to the preliminary of the Indemnity instalment

and the Chinese Government that the Tientsin Railway is a British Company.

EG

Gen Division
June 3. 05 AR

387 CK D.

are

shall be paid to the Railway Administration until the amount of the Administration's claim has been discharged with interest, subject to the condition that the first £90,000 of the receipts due to the Railway under this arrangement shall be applied in discharge of the advance made to the Administration from War Office funds.

I am accordingly to request that the H. and

S.

S. Banking Corporation will, ~~in accordance with that arrangement~~, make the following payments out of the Indemnity ~~moneys~~ funds in their possession: —

(1) To the War Office £90,000 by cheque drawn in favour of H. M. Paymaster Gen. and transmitted to the Director of Army Finance.

(2) To the Railway Administration the balance of the Railway share of the January instalment of the indemnity

Indemnity, namely, one half of £184,853. 11. 11., less £90,000, and less the cost of remittance.

(3) To the Lords Comm^rs of H. M. Treasury the remainder of the Indemnity funds in hand, with interest accrued thereon, by cheque drawn in favour of H. M. Paymaster General and transmitted to the Secretary to the Treasury.

I am at the same time to request that Lord Lansdowne may be furnished in due course with a statement of the sums due to be paid

over

over ~~[illegible]~~

under these arrangements, & that H. L. may be informed of the dates of payment.

The Railway share should in future be paid to the Administration through the Hongkong & Shanghai Bank at Tientsin, as was done in the case of the instalments of interest, and Lord Lansdowne would be glad to be supplied with vouchers for the payments.

I am to add that H. L. ~~desires to learn the~~ would be glad to be informed of the amount accrued

as

as interest upon the £90,000 from the date at which interest began to be paid by China up to the date of payment of the £90,000 to the War Office. ~~and I have~~ therefore to request that you will favour me with ~~the desired information.~~

Draft
Hongkong & Shanghai Bank
F.O. April 1 1905.

N. China Railway Indemnity
Lines directions for disposal of China Indemnity funds in accordance with Treasury Minute 33 Interest payments to Railway Admin. to be made through H.K. & S. Bank, Tientsin. Interest accrued on the £90,000 for W.O.?

Above Treasury letter writing me
Price (Treas.)
Peking

340 Ch. D

AFFAIRS OF CHINA.

[April 1.]

CONFIDENTIAL.

SECTION 2.

No. 1.

Foreign Office to Hong Kong and Shanghae Bank.

Sir,

Foreign Office, April 1, 1905.

WITH reference to the indemnity claim of the Imperial Railways of North China, I am directed by the Marquess of Lansdowne to inform you that the Railway Administration have accepted the proposal made to them by His Majesty's Government that one-half of each instalment of the indemnity received from the Chinese Government shall be paid to the Railway Administration until the amount of the Administration's claim has been discharged with interest, subject to the condition that the first 90,000*l.* of the receipts due to the railway under this arrangement shall be applied in discharge of the advance made to the Administration from War Office funds.

I am accordingly to request that the Hong Kong and Shanghae Banking Corporation will make the following payments out of the indemnity funds in their possession :—

1. To the War Office 90,000*l.* by cheque drawn in favour of His Majesty's Paymaster-General, and transmitted to the Director of Army Finance.

2. To the Railway Administration the balance of the railway share of the January instalment of the indemnity—namely, one-half of 184,853*l.* 11*s.* 11*d.*, less 90,000*l.*, and less the cost of remittance.

3. To the Lords Commissioners of His Majesty's Treasury the remainder of the indemnity funds in hand, with interest accrued thereon, by cheque drawn in favour of His Majesty's Paymaster-General and transmitted to the Secretary to the Treasury.

I am at the same time to request that Lord Lansdowne may be furnished in due course with a statement of the sums due to be paid over under these arrangements, and that his Lordship may be informed of the dates of payment.

The railway share should in future be paid to the Administration through the Hong Kong and Shanghae Bank at Tien-tsin, as was done in the case of the instalments of interest, and Lord Lansdowne would be glad to be supplied with vouchers for the payments.

I am to add that his Lordship would be glad to be informed of the amount accrued as interest upon the 90,000*l.* from the date at which interest began to be paid by China up to the date of payment of the 90,000*l.* to the War Office.

I am, &c.
(Signed) F. H. VILLIERS.

To
Hong Kong & Shanghai
Bank.
April 1. 05.
North China Railway

AFFAIRS OF CHINA.

CONFIDENTIAL.

[April 1.]

Section 2.

No. 1.

Foreign Office to Hong Kong and Shanghae Bank.

Sir,

Foreign Office, April 1, 1905.

WITH reference to the indemnity claim of the Imperial Railways of North China, I am directed by the Marquess of Lansdowne to inform you that the Railway Administration have accepted the proposal made to them by His Majesty's Government that one-half of each instalment of the indemnity received from the Chinese Government shall be paid to the Railway Administration until the amount of the Administration's claim has been discharged with interest, subject to the condition that the first 90,000*l.* of the receipts due to the railway under this arrangement shall be applied in discharge of the advance made to the Administration from War Office funds.

I am accordingly to request that the Hong Kong and Shanghae Banking Corporation will make the following payments out of the indemnity funds in their possession :—

1. To the War Office 90,000*l.* by cheque drawn in favour of His Majesty's Paymaster-General, and transmitted to the Director of Army Finance.

2. To the Railway Administration the balance of the railway share of the January instalment of the indemnity—namely, one-half of 184,853*l.* 11*s.* 11*d.*, less 90,000*l.*, and less the cost of remittance.

3. To the Lords Commissioners of His Majesty's Treasury the remainder of the indemnity funds in hand, with interest accrued thereon, by cheque drawn in favour of His Majesty's Paymaster-General and transmitted to the Secretary to the Treasury.

I am at the same time to request that Lord Lansdowne may be furnished in due course with a statement of the sums due to be paid over under these arrangements, and that his Lordship may be informed of the dates of payment.

The railway share should in future be paid to the Administration through the Hong Kong and Shanghae Bank at Tien-tsin, as was done in the case of the instalments of interest, and Lord Lansdowne would be glad to be supplied with vouchers for the payments.

I am to add that his Lordship would be glad to be informed of the amount accrued as interest upon the 90,000*l.* from the date at which interest began to be paid by China up to the date of payment of the 90,000*l.* to the War Office.

I am, &c.

(Signed) F. H. VILLIERS.

Hampson

F.O. 453

April 4, 05

Draft
War Office
E.S.S.

Sir,

I laid before the Marquess of Lansdowne your letter No. $\frac{083}{4006}$ Y. 1. B of the 28th ult, in which you request that the sum of £90,000 may be transferred to the credit of army funds in repayment of the advance made from those funds to the Imperial Railways of North China.

I am directed to state

A. & C. Bank
April 1. 05

state in reply, for the information of the Army Council, that in accordance with the desire of the Lords Commissioners of the Treasury, the Hongkong and Shanghai Banking Corporation have been requested to pay out of the China indemnity moneys in their possession the sum of £90,000 to the War Office by cheque drawn

[Treasury, March 28, 05]

drawn in favour of H. M. Paymaster General and transmitted to the Director of Army Finance.

TELEGRAPHIC ADDRESS.
BONIFACE, LONDON.
ALL LETTERS TO BE ADDRESSED AND REMITTANCES MADE PAYABLE TO THE "HONGKONG & SHANGHAI BANKING CORPORATION" NOT TO INDIVIDUALS.

Hongkong & Shanghai Banking Corporation,
31, Lombard Street, London, E.C.

April 8th 1905

Sir,

With reference to your letter of the 1st instant on the subject of the Indemnity claim of the Imperial Railways of North China, we beg to inform you that we are to-day making the various payments as requested therein, and we have pleasure in handing you herewith a statement of the same.

We are referring to our Tientsin Office your instructions as to the manner in which the Railway Indemnity should in future be paid to the Administration, and also the enquiry as to the amount of interest accrued upon the £90,000 which we are paying to the War Office.

I am,

Sir,

Your most obedient, humble Servant,

C Addis

MANAGER.

F. A. Campbell, Esq. C.B.
Foreign Office, S.W.

Draft
War Office
F.O. April 4 1905.
(Rly. & C. Mch 31)

Advance to N. China Railways from Army Funds.
Hongkong & Shanghai Bank requested to pay £10 £90,000 out of China Indemnity money.

346. Cl. D.

Hong Kong & Shanghai Bank

D 8
R 10 } April 1905.

1 Encl

(Ref. F.O. Apl. 1)

North China Railway Indemnity

Payments made as requested. Its statement. Questions of method of future payments, & interest on the £90,000 for W.D., referred to Tientsin office.

Pmr. (China) 1/5

Q. Inform Treasury

& Copy Peking (No. 88.) Tel

P.V. Ap. 26

Aff
Treasury April 13/05

436. Ch. D

Indemnity Claim of Imperial Railways of North China.

Statement of Sums paid under instructions from the Foreign Office contained in letter of 1st April. 1905.

1905. April. 8th.	To the War Office by cheque in favour of His Majesty's Paymaster General transmitted to the Director of Army Finance		£90,000.
	To the Administration of the Imperial Railways of North China, Tientsin,		
	one-half of January instalment of £184,853.11.11 =	£92,426.15.11	
	Less paid to the War Office	90,000 . .	2,426:15/11
	To the Lords Commissioners of His Majesty's Treasury by cheque in favour of His Majesty's Paymaster General transmitted to the Secretary of the Treasury		
	one-half of January instalment of £184,853:11:11 =	£92,426:16:—	
	Interest on £184,853:11:11 from 4th Jany to 9th March @ 1½%	486:3:9	
	" " do from 9th March to 8th April @ 1%	151:18:9	£93,064:18:6

Encl in
Hong Kong & Shanghai Bk.
Apl 8 1905.

AFFAIRS OF CHINA. [April 10.]

CONFIDENTIAL. SECTION 2.

No. 1.

Hong Kong and Shanghae Banking Corporation to Foreign Office.—(Received April 10.)

Sir, 31, *Lombard Street, London, April* 8, 1905.

WITH reference to your letter of the 1st instant, on the subject of the indemnity claim of the Imperial Railways of North China, we beg to inform you that we are to-day making the various payments as requested therein, and we have pleasure in handing you herewith a Statement of the same.

We are referring to our Tien-tsin office your instructions as to the manner in which the railway indemnity should in future be paid to the Administration, and also the inquiry as to the amount of interest accrued upon the 90,000*l.* which we are paying to the War Office.

I am, &c.
(Signed) C. S. ADDIS, *Manager.*

Inclosure in No. 1.

Indemnity Claim of Imperial Railways of North China.

STATEMENT of Sums paid under instructions from the Foreign Office contained in letter of the 1st April, 1905.

Date.	To whom Paid.	Amount.	Amount.
		£ s. d.	£ s. d.
April 8, 1905 ..	To the War Office by cheque in favour of His Majesty's Paymaster-General, transmitted to the Director of Army Finance	..	90,000 0 0
	To the Administration of the Imperial Railways of North China, Tien-tsin, one-half of January instalment of 184,853*l.* 11*s.* 11*d.*	92,426 15 11	
	Less paid to the War Office	90,000 0 0	2,426 15 11
	To the Lords Commissioners of His Majesty's Treasury by cheque in favour of His Majesty's Paymaster-General, transmitted to the Secretary of the Treasury, one-half of January instalment of 184,853*l.* 11*s.* 11*d.*	92,426 16 0	
	Interest on 184,853*l.* 11*s.* 11*d.* from 4th January to 9th March at 1½ per cent.	486 3 9	
	Interest on ditto from 9th March to 8th April at 1 per cent...	151 18 9	93,064 18 6

J. J. Scott.

Gt.
Treasury

H.

F.O.

April 13, 1905.

Sir,

On the receipt of your letter 4089/05 of the 23rd ult., relative to the payment of the indemnity claim of the Imperial Railways of North China, a letter was addressed to the HongKong and Shanghai Banking Corporation in accordance with the suggestions of ~~as desired by~~ the Lords Commissioners of

H. & S. Bank
April 8. 1905

R. 8
R. 10 April, 1905

North China Railways Indemnity

of H.M.'s Treasury.

I am directed by the M. of Lansdowne to bg. to you, for the information of the Lords Commissioners, a copy of a letter which has been received from the Bank in reply, enclosing a statement of the payments made by them on the 8th inst.

In the reply to this Letter the following Number should be quoted.

7340
05

TREASURY CHAMBERS,
24th April 1905.

Sir,

I am directed by the Lords Commissioners of His Majesty's Treasury to acknowledge receipt of Mr. Campbell's letter of the 13th instant, with enclosures relative to the payments made by the Hong Kong and Shanghai Banking Corporation on account of the indemnity claim of the Imperial Railways of North China.

My Lords note that the amount remitted to the Exchequer is one half of the instalment received in January last, with interest on that instalment to date of payment, the Bank retaining in hand for the present the balance arising on the account of previous instalments.

I am,
Sir,
Your obedient Servant,

R. B. Chalmers

Under Secretary of State,
Foreign Office.

Draft.
Treasury
To. April 13 1905.
(Ref their Lett 33)
North China Railway Indemnity
Int copy Hongkong & Shanghai
Bank Ltd.

376 Ch. Dom

No. 170.

PEKING,
May 17th, 1905.

My Lord:-

With reference to my despatch No. 413 of December 3rd last, I have the honour to transmit to Your Lordship herewith copy of a letter from the Accountant of the Imperial Railways of North China to the Agent of the British and Chinese Corporation showing the financial results of the working of the railway for the six months ended March 31st last in comparison with those of a year earlier.

These results are, as Your Lordship will observe, extremely good, and show what may be achieved by a railway in a densely populated and very rich and fertile district when it is efficiently worked. It is certain that results of this kind will encourage the Chinese to build railways for themselves, an eventuality from our point of view highly desirable, as tending, firstly to the removal of railways from the sphere of international politics

and

The Marquess of Lansdowne, K.G.

etc. etc. etc.

Mr. J. Boyce Esq. 4/13th, 1905.

Treasury
R 25 April 1905.
(Refs F.O. Apl. 15)
North China Railway Indemnity.
Acks F.O. letter 4 ult. & copy despatch made by Hong Kong & Shanghai Bank

519 Ch.D

and secondly, to the consolidation of China.

I have the honour to be,

With the highest respect,

My Lord,

Your Lordship's most obedient,

humble Servant,

Ernest Satow.

Enclosure in Letter from Mr J. Boyce-Kup of May 13th, 1905.
Recd " 17th, "

IMPERIAL RAILWAYS OF NORTH CHINA,
TIENTSIN, May 12th, 1905.

J. Boyce Kup, Esquire,
Tientsin.

Dear Sir,

I send you herewith Statement of the Earnings of the Line for the 6 months ending 31st March 1905. As you will see, on examining the figures, the six months's results are remarkably successful. On comparing them with the figures for the corresponding six months of the previous year, we have

	For six months ending	
	31st March 1904	31st March 1905
Total Earnings	$2,757,723.46	$6,131,406.97
Working expenses	1,252,473.94	1,475,868.07
Interest on Loan	620,389.71	593,406.21
Total Expenses	1,872,863.65	2,069,274.28
Net Revenue	$ 884,859.81	$4,062, 132.69

The earnings for the 6 months just completed, $6,131,406.97 are $184,888.61 more than the total earnings for the whole 12 months of last financial year. It is to be

Peking.
May 17th
Sir E. Satow's
No 170.
Ref: P. 413/14
16 enclosure.
Recd Foreign Office July 3.
North China Railways:
Net Revenue for the corresponding period last year.
The Earnings for 6 months to 31 March last is more than the Earnings of last financial year.
See Remarks for the 6 months = £4,062,132.69 compared with £884,859.81
516. Ch. L.
Extraordinary Growth. Feb 31

be noted also that even while carrying this large traffic the expenditure has been kept down and compares very favourably with the cost of working the line in 1904.

The decrease of the item "Interest on Loan" is of course only due to the fluctuations of exchange.

Yours etc.,

(Signed) W. Henderson.
Chief Accountant.

No. 083/4131 M.O.-2.

It is requested that in any further communication on this subject, the above Number may be quoted; and the letter addressed to—

The ~~Under~~ Secretary ~~of State~~,
War Office,
London, S.W.

WAR OFFICE,
LONDON, S.W.,

17th June 1905.

Sir,

With reference to your letter of 13th March last on the subject of the services rendered by Mr. J.E. Foley as Traffic Manager of the Imperial Railways of North China during the time that the section of the line between Peking and Shan-hai-kwan was under British Administration: I am commanded by the Army Council to transmit to you for the information of Lord Lansdowne, as requested in your letter, copies of letters addressed to the Adjutant General in India by Lieutenant General Sir A. Gaselee and Major General Sir O'M Creagh.

I have the honour to be,
Sir,
Your obedient servant,

R.H. Wade

Under Secretary of State,
Foreign Office.

Sir E. Satow's
No. 170
May 7th 1905

Copy of a letter from Major-General Sir O'Moore Creagh, V.C., K.C.B., Commanding 5th (Mhow) Division to the Adjutant General in India, No. 1169-A, dated Mhow, the 2nd May, 1905.

In reply to your letter No. 948-A, dated 20th April 1905, I have the honour to inform you that, during the time Mr. J.E. Foley worked under me, as Traffic Superintendent, Chinese Northern Railways, he "carried on " to my entire satisfaction and did all he could to further British interests.

He is a man of great experience in his job, of much tact and discretion and with a good knowledge of Chinese officials, by whom he is much respected. He placed his services unreservedly at my disposal and worked loyally and well. His services were most valuable and were brought to notice by me in Despatches

---

War Office
2nd Div
June 1905.
Seen
(Ref no. mentioned)
Services of Mr J.E. Foley, Traffic Manager of N. China Imp. Railways during the union of Peking-Hankow section
Text copies letters from General Sir O. Creagh & Mr Pauncefote.

The services rendered by Mr Foley appear to have been of considerable value.
If he is to be given a pension we shall have to apply to the Treasury
S/P C.R.D.

Treasury for Sanction.
Shall we explain the Circ to Mr Foley and forward £25?
Yes this is the very lucky lucking, & deserve two Bars
Nov 20/6

Nov 21/1905

Copy of a letter from Lieutenant-General Sir Alfred Gaselee, G.C.I.E., K.C.B., Commanding late China Expeditionary Force, to the Adjutant General in India, No. 64-L, dated Naini Tal, the 26th April 1905.

-+++++++++++++++++-

Your No.948-A "Special & Mis:" dated 20th April 1905

With reference to the request that I should give my opinion on the services of Mr. J.E. Foley, Traffic Manager, Imperial Railways of North China, during the time that the section of the line between Peking and Shanhaikwan was under British Administration, I have the honour to state that when I was in command in Northern China and Mr. Foley was Traffic Manager of the Railway in question, the line whi ch was taken over from the Russians in a very bad state was speedily reduced to order, and in spite of the conflicting interests of the several allied forces whose troops had to use the Railway, the running of the trains and work on the line was carried on without friction between the different nationalities and to my entire satisfaction.

I consider that this result was due, in a great measure, to the cordial co-operation of Mr. Foley and his staff with the Military International Board in charge of the Railway. I am pleased to hear that Mr. Foley has obtained recognition of his services from nearly all the Governments who had Contingents in Northern China, and I hope that he will not be disappointed in his wish that his own Government will give him some reward for his invaluable services.

I venture to suggest that if more information concerning Mr. Foley's services is required that probably this can

Encl. 3 in K.T.O. - June 17 1905.

can be obtained from Brigadier-General J.R.L. Macdonald, K.C.I.E., C.B., R.E., Commanding Presidency Brigade, and at present in England who was President of the Board and in Military charge of the section of the line to which Mr. Foley was Traffic Superintendent.

Recd. 1 in
M.O.
June 17 1905.

TELEGRAPHIC ADDRESS.
BONIFACE, LONDON

ALL LETTERS TO BE ADDRESSED
AND
REMITTANCES MADE PAYABLE TO THE
HONGKONG & SHANGHAI BANKING CORPORATION
NOT TO INDIVIDUALS.

Hongkong & Shanghai Banking Corporation,
31, Lombard Street, London, E.C.

July 20th, 1905.

468

F. A. Campbell, Esq., C. B.,

Foreign Office.

Sir,

We have the honour to enclose copy of a dispatch which we have to-day received from the British Delegate in answer to the enquiry in your dispatch of the 1st April re interest on £90,000 advanced by H. M. War Office to the Imperial Railways of North China.

RRW

We are, Sir,

Your obedient Servants,

C S Addis

MANAGER.

2-2071 y2

Copy.

SHANGHAI, 13th June, 1905.

Dear Sir,

With reference to the letter to you from the Foreign Office dated 1st April, 1905, enquiring as to the amount of interest upon the £90,000 repaid to the War Office by the Imperial Railways of North China from their ~~Identity~~ Indemnity Account, the Imperial Railways of North China has received interest at 4% on £347,000 from 1st January 1902 and therefore the interest on £90,000 from 1st January 1902 to 8th April, 1905, the date of payment, i.e. 3 years and 98 days at 4% would amount to £11,766.11.6d.

The total of the Imperial Railways of North China Indemnity claim allowed was £437,000, but in accordance with instructions received from H.M. Government interest at 4% was allowed only on this amount less the £90,000 advanced by the War Office, viz:- on £347,000 as above stated.

I note from the above mentioned letter that in future one half of each instalment of the Indemnity received from the Chinese Government shall be paid to the Railway Administration until the amount of the Administration's claim has been discharged with interest, and on 30th June, 1905, I will remit half of the amount received for the past six months to the Imperial Railways of North China at Tientsin, together with a statement showing the amounts paid and due on account of the claim of the Imperial Railways of North China.

I remain, dear Sir,

Yours faithfully,
(Signed) H. Hunter.
(British Delegate.)

To the Manager of the
Hongkong & Shai Bkg Corpn.,
31, Lombard Street,
E. C.

302071 y2

Hongkong & Shanghai Bank
R. 30/31 July 1905
(Ref. to Opc. 1)

H. China.
Encl.

Copy of letter of 13th June to the War Office, enclosing a statement showing the amount to date.

Administration.

Reported & forwarded by W.O. to H. China
Railway.
To copy letter from Dr. Hongkong & Shanghai, notifying the interest received.

Telegraphed to China
Dispatch

Copy of letter of 13th June with thanks and fear or that the statement showing the amounts paid half-yearly to the War, together with vouchers for the payments, shall be provided to Treasury in — hrs. as the bank appears

Dr. Treasury
July 27 1905

926. Ch. D.

Encl. in Hongkong & Shanghai Bank July 20 1905.

AFFAIRS OF CHINA. [July 22.]

CONFIDENTIAL. SECTION 2.

No. 1.

Hong Kong and Shanghae Banking Corporation to Foreign Office.—(Received July 22.)

Sir, 31, *Lombard Street, London, July* 20, 1905.

WE have the honour to inclose copy of a despatch which we have to-day received from the British Delegate in answer to the inquiry in your despatch of the 1st April *re* interest on 90,000*l.* advanced by His Majesty's War Office to the Imperial Railways of North China.

We are, &c.
(Signed) C. S. ADDIS,
Manager.

Inclosure in No. 1.

Mr. Hunter to the Hong Kong and Shanghae Banking Corporation.

Dear Sir, *Shanghae, June* 13, 1905.

WITH reference to the letter to you from the Foreign Office dated the 1st April, 1905, inquiring as to the amount of interest upon the 90,000*l.* repaid to the War Office by the Imperial Railways of North China from their indemnity account, the Imperial Railways of North China have received interest at 4 per cent. on 347,000*l.* from the 1st January, 1902, and therefore the interest on 90,000*l.* from the 1st January, 1902, to the 8th April, 1905, the date of payment, *i.e.*, three years and ninety-eight days, at 4 per cent. would amount to 11,766*l.* 11*s.* 6*d.*

The total of the Imperial Railways of North China indemnity claim allowed was 437,000*l.*, but, in accordance with instructions received from His Majesty's Government, interest at 4 per cent. was allowed only on this amount less the 90,000*l.* advanced by the War Office, viz., on 347,000*l.*, as above stated.

I note from the above-mentioned letter that in future one-half of each instalment of the indemnity received from the Chinese Government shall be paid to the Railway Administration until the amount of the Administration's claim has been discharged with interest, and on the 30th June, 1905, I will remit half of the amount received for the past six months to the Imperial Railways of North China at Tien-tsin, together with a statement showing the amounts paid and due on account of the claim of the Imperial Railways of North China.

I remain, &c.
(Signed) H. HUNTER,
British Delegate.

W. Tyrrell

July 24 1905

Draft

Treasury

Sir,

I am directed by the Marquess of Lansdowne to acquaint you, for the information of the Lords Comrs of the Treasury, that an application has been received through H. M. Minister at Pekin from Mr J. E. Foley, Traffic Manager of the Imperial Railways of North China, for some recognition of his services to H. M. Govt during the time that the

Line

line between Pekin and Shan-hai-Kwan was under British Administration.

Sir E. Satow states that Mr. Foley's services have already been recognized by the Govts of Russia, Japan, France, Germany and China, and Lieut: General Sir A. Gasselee and Major General Sir O'Moore Creagh, who were in command of the late China Expeditionary Force, bear strong testimony to the excellence of the work performed by Mr. Foley and urge that he should be offered some reward for his invaluable services.

In view of these recommendations Lord

Lord Lansdowne proposes with the sanction of the Lords Commissioners to present Mr Foley with a piece of plate not exceeding £25 in value in the name of H. M. Govt.

FAL

W. Lyttle

July 27 1905

Draft

The Manager
Hong Kong & Shanghai Banking
Corporation,
31 Lombard Street
E.C.

W.
Print China

Sir,

I am directed by the Marquess of Lansdowne to acknowledge with thanks your letter of the 20th inst: enclosing a statement by Mr Hunter, the British Delegate on the Bankers Commission at Shanghai, respecting the amount of interest upon the £90,000 repaid to the War Office by the Imperial Railways of North China from their Indemnity Account.

7=2071 d d 3

Draft
Treasury
F.O. July 24 1905

Services of Mr. J. B. Foley during the admin of the Shanhaikuan Railway

Informs of his & Sir A Stewart's opinion that it is fair to pay Mr Foley the present fees of £400 not exceeding £85 in order.

[G.O. June 17]

782

782 A.D.

account.

With regard to Mr. Hunter's proposal to furnish a statement showing the amounts paid half-yearly on account of the claim of the Imperial Railway of North China together with vouchers for the payments, I am to point out that these returns should be communicated to this Dept. and not, as Mr. Hunter appears to suggest in the last paragraph of his letter, to the Railway Administration at Tientsin.

Draft.
Hong Kong & Shanghai Bank
F.O. July 27 1905
(Ref. their July 20)

M. China Railway Indemnity.
Return showing half yearly payments should be pon. to F.O. not, as Mr. Hunter suggests, to Railway Admin.

Print (China)

790 C.D.

AFFAIRS OF CHINA. [July 27.]

CONFIDENTIAL. SECTION 3.

No. 1.

Foreign Office to Hong Kong and Shanghae Banking Corporation.

Sir, *Foreign Office, July* 27, 1905.

I AM directed by the Marquess of Lansdowne to acknowledge with thanks your letter of the 20th instant, inclosing a statement by Mr. Hunter, the British Delegate on the Bankers' Commission at Shanghae, respecting the amount of interest upon the 90,000*l.* repaid to the War Office by the Imperial Railways of North China from their indemnity account.

With regard to Mr. Hunter's proposal to furnish a statement showing the amounts paid half-yearly on account of the claim of the Imperial Railways of North China, together with vouchers for the payments, I am to point out that those Returns should be communicated to this Department, and not, as Mr. Hunter appears to suggest in the last paragraph of his letter, to the Railway Administration at Tien-tsin.

I am, &c.

(Signed) F. H. VILLIERS.

W. Tyrrell

F.O.

July 27 1905

Draft

Treasury

H.P.

Emit China

Hongkong & Shanghai Bank,
July 20. 1905

Sir,

I am directed by the Marquess of Lansdowne to state, for the information of the Lords Commrs of the Treasury, that, in accordance with the request contained in your letter of March 23 last, the Hongkong and Shanghai Banking Corporation were asked

2-20071 dd 2

asked to ascertain the amount of interest upon the £90,000 repaid to the War Office by the Imperial Railways of North China from their Indemnity Account.

A statement has now been received through the Banking Corporation from Mr. Hunter, the British Delegate on the Banker's Commission at Shanghai, showing that the Imperial Railways of North China has received interest at 4% on £347,000 from January 1. 1902 and that

that therefore the interest on £90,000 from January 1. 1902 to April 8. 1905, the date of payment, i.e. 3 years and 98 days at 4% would amount to £11,766 . 11 . 6. Mr. Hunter adds that the total of the Imperial Railways of North China Indemnity claim allowed was £437,000, but that in accordance with instructions received from H. M. Govt interest at 4% was allowed only on this amount less the £90,000 advanced by the War Office, viz: on the

the sum of £347,000 as stated above.

793 Ch. D.

Draft
Treasury
F.O. July 27 1905.
(Ref. their letter of 23)

Interest on £90,000 loan repaid to W.O. by M. China Railway.
Informed of Hongkong & Shanghai Bank July 30.

Rec'd (China)

AFFAIRS OF CHINA.

CONFIDENTIAL.

[July 27.]

SECTION 2.

No. 1.

Foreign Office to Treasury.

Sir,

Foreign Office, July 27, 1905.

I AM directed by the Marquess of Lansdowne to state, for the information of the Lords Commissioners of the Treasury, that, in accordance with the request contained in your letter of the 23rd March last, the Hong Kong and Shanghae Banking Corporation were asked to ascertain the amount of interest upon the 90,000*l.* repaid to the War Office by the Imperial Railways of North China from their indemnity account.

A statement has now been received through the Banking Corporation from Mr. Hunter, the British Delegate on the Bankers' Commission at Shanghae, showing that the Imperial Railways of North China has received interest at 4 per cent. on 347,000*l.* from the 1st January, 1902, and that, therefore, the interest on 90,000*l.* from the 1st January, 1902, to the 8th April, 1905, the date of payment, *i.e.*, three years and ninety-eight days, at 4 per cent. would amount to 11,766*l.* 11*s.* 6*d.* Mr. Hunter adds that the total of the Imperial Railways of North China indemnity claim allowed was 437,000*l.*, but that, in accordance with instructions received from His Majesty's Government, interest at 4 per cent. was allowed only on this amount, less the 90,000*l.* advanced by the War Office, viz., on the sum of 347,000*l.* as stated above.

I am, &c.

(Signed) F. H. VILLIERS.

In the reply to this Letter the following Number should be quoted.

2
05

TREASURY CHAMBERS,

29th July 1905.

Sir,

In the circumstances represented by the Marquess of Lansdowne in Mr. Campbell's letter of the 24th instant, the Lords Commissioners of His Majesty's Treasury sanction the presentation to Mr. J.E. Foley, Traffic Manager of the Imperial Railways of North China, of a piece of plate not exceeding £25 in value, in recognition of his services to His Majesty's Government during the time that the line between Pekin and Shan-hai-kwan was under British Administration.

I am,

Sir,

Your obedient servant,

J. Massey

der Secretary of State,

Foreign Office.

RL

Messrs. Garrard's Bill of 480

Aug. 15/05.

Written To Aug 24/05.

This bill refers to an inkstand which was presented to Mr J. E. Foley, Traffic Manager of the Imperial Railways of North China, as a recognition of his services to H.M. Govt during the time the line between Peking and Shanhaikwan was under a British Administration.

It would not be a bad thing, if, in paying this bill, it were pointed out to messrs Garrard that

Treasury

2 AUG 1905

RECEIVED BY THE

P. S. July 31/905

CHIEF CLERK

(Reg. No. July 24)

Services of Mr J. E. Foley during the admin. of Peking-Shanhaikwan line

Sanctions present of piece of plate not exceeding £25 in value.

Copy for A.O.

Dom. Dept 2/05

A.O. Choose a piece of plate for Mr Foley and send it on to the T. Select for him.

Chief Clerk.

Draft.

P. Nicolson

Mr 13 Aug 1905.

955CLD.

reference would be facilitated if we were informed of the exact words of the inscriptions, engraved on any piece of plate we may purchase.
R.B.
20/3/06.

The Treasury (July 29/01) sanction the purchase of a piece of plate not exceeding £25 in value.
The Bill is for £25. 13.—

ORDER PREPARED 22/06 H.2.5.
March 22/06 Pay E&R

275.

PEKING
August 4th, 1905.

My Lord:-

Chang & Wu Chia-hsiu
July, 1905

I have the honour to enclose copies of letters addressed to me and to the British Delegate at Shanghai by the Directors of the Imperial Railways of North China expressing their desire that future payments on account of their indemnity claim may be paid to their account with the Hongkong & Shanghai Banking Corporation in London.

Chang & Wu Chia-hsiu to British delegate
July, 1905

British Delegate to Accountant Railways
July 4th, 1905

At the same time I enclose copies of a letter from the British Delegate to the Accountant of the Railways and of a statement of the Railway account made up to July 4th last. I beg to point out that this account needs to be amended, inasmuch as the total amount of the claim allowed is given at £437,000, whereas the exact sum, as reported in my despatch No 176 of May 18th, 1904, is £442,670. 13.8¼.

It will be seen that in consequence the amount paid as interest on this claim up to December 31st, 1904, falls short of what was due under that heading and that the balance

Marquess of Lansdowne, K.G.
etc etc.

balance of the Indemnity Claim outstanding is somewhat larger than is stated in the account.

I do not venture to attempt the correction of the account, but have no doubt that the gentlemen of His Majesty's Treasury will be able to effect this with the aid of the figures that have been furnished to them.

I have the honour to be,

With the highest respect,

My Lord,

Your Lordship's most obedient,

humble Servant,

Ernest Satow.

IMPERIAL RAILWAYS OF NORTH CHINA.
DIRECTOR'S OFFICE,
TIENTSIN, NORTH CHINA.
July 25th, 1905.
(Received August 4th)

r Ernest Satow, G.C.M.G.
etc. etc. etc.
ritish Legation,
Peking.

Your Excellency,

We have the honour to inform you that we have just received a remittance to credit of our Tael Account Current in the Hongkong & Shanghai Bank, Tientsin. Under instructions from His Britannic Majesty's Foreign Office in London this remittance is made by the British Delegate of the Bankers' Committee on the Indemnity Claims Commission in Shanghai and represents payment of the second instalment of Capital of our Indemnity Claim together with interest. The sterling equivalent of the sum paid to us is £76,545.6.0. It would suit us very much better if future payments on this account as they are in Sterling could

3 . 2180 665

could be paid to our account in the Hongkong & Shanghai Bank, London, and we shall be glad if you will kindly convey to His Britannic Majesty's Foreign Office our desire in this respect. For your information we also enclose a copy of a letter addressed by us to the British Delegate on this subject.

We have etc.,

(Signed, for the Imperial Railways of North China).

M. T. Liang.
Wu Chia-hsiu.
Directors.

Copy.

IMPERIAL RAILWAYS OF NORTH CHINA,
DIRECTORS' OFFICE,
TIENTSIN, NORTH CHINA.
25th July, 1905.

British Delegate,
Claims Commission,
c/o Hongkong & Shanghai Bank,
Shanghai.

Sir,

We shall be very glad if you will kindly communicate to the British Government Foreign Office our request to have all future payments on account of our Indemnity Claim, capital or interest, made to the Hongkong & Shanghai Banking Corporation, London, for the credit of our current Account "A". We do not wish such money to be remitted to Tientsin as in the past.

We have etc.,

For the Imperial Railways of North China (Signed)

M.T. Liang.
Wu Chia-hsiu.
Directors.

Enclosure 1 in Sir G. Satow's No. 275

August 4th 1905.

opy.

SHANGHAI July 4th, 1905.

e Accountant,
Imperial Railways of North China,
Tientsin.

Sir,

Under instructions from the Foreign Office, I remitted you on the 4th instant, through the Hongkong & Shanghai Banking Corporation the sum of £76,545.6/- on account of your Indemnity Claim.

Of this amount £6,860.17.9 is for interest @ 4 % during the past six months and the balance of £69,684.8.3, is on account of claim capital, which is now reduced to £274,888.15.10, as per detailed statement herewith.

I have etc.,
(Signed) H. Hunter
British Delegate.

2 in Sir E. Satow's No. 275

August 4th 1905

COPY.

IMPERIAL RAILWAYS OF NORTH CHINA.

INDEMNITY CLAIM ACCOUNT.

Total amount of claim allowed	£437,000
Less amount advanced by War Office and refunded 8th April 1905	90,000
Amount of Claim	£347,000
on which interest has been paid at 4% p.a. from 1st January 1902 to 31st December 1904, in all	£41640

Capital.

1st January 1905. Capital amount of claim	£347,000
8th April 1905. By payment per T.T. from London on account of British Governmentafter repayment of above £90,000	£ 2,426. 15. 11
	£344,573. 4. 1

Interest.

Interest on £347,000 from January 1st to April 8th 1905 = 98 days @4% p.a.	£ 3726. 13. 9
Interest on £344,573.4.1 from April 8th to June 30th 1905 = 83 days @ 4 % p.a.	£ 3,134. 4. 0
To interest for half year	£ 6,860. 17. 9
By payment on 4th July 1905	
On account of Capital	£ 69,684. 8. 3
On account of interest as above	£ 6,860. 17. 9
	£ 76,545. 6. 0.
Claim Capital	£344,573. 4. 1
Less paid on 4th July 1905 as above	69,684. 8. 3.
To Balance of Indemnity Claim	£274,888. 15. 10

Shanghai 4th July, 1905.

Y = 2280 bb5

3
in
Sir E. Satow's
No 275
August 4th
1905.

4870

AFFAIRS OF CHINA. [September 25.]

CONFIDENTIAL. SECTION 5.

No. 1.

Sir E. Satow to the Marquess of Lansdowne.—(Received September 25.)

(No. 275.)

My Lord, *Peking, August 4, 1905.*

I HAVE the honour to inclose copies of letters addressed to me and to the British Delegate at Shanghae by the Directors of the Imperial Railways of North China, expressing their desire that future payments on account of their indemnity claim may be paid to their account with the Hong Kong and Shanghae Banking Corporation in London.

At the same time I inclose copies of a letter from the British Delegate to the Accountant of the Railways, and of a Statement of the Railway Account made up to the 4th ultimo. I beg to point out that this account needs to be amended, inasmuch as the total amount of the claim allowed is given at 437,000*l.*, whereas the exact sum, as reported in my despatch No. 176 of the 18th May, 1904, is 442,670*l.* 13*s.* 8½*d.*

It will be seen that, in consequence, the amount paid as interest on this claim up to the 31st December, 1904, falls short of what was due under that heading, and that the balance of the indemnity claim outstanding is somewhat larger than is stated in the account.

I do not venture to attempt the correction of the account, but have no doubt that the gentlemen of His Majesty's Treasury will be able to effect this with the aid of the figures that have been furnished to them.

I have, &c.
(Signed) ERNEST SATOW.

Inclosure 1 in No. 1.

Directors of the Imperial Railways of North China to Sir E. Satow.

No 275

Your Excellency, *Tien-tsin, July 25, 1905.*

WE have the honour to inform you that we have just received a remittance to credit of our tael account current in the Hong Kong and Shanghae Bank, Tien-tsin. Under instructions from His Britannic Majesty's Foreign Office in London, this remittance is made by the British Delegate of the Bankers' Committee on the Indemnity Claims Commission in Shanghae, and represents payment of the second instalment of capital of our indemnity claim, together with interest. The sterling equivalent of the sum paid to us is 76,545*l.* 6*s.* It would suit us very much better if future payments on this account, as they are in sterling, could be paid to our account in the Hong Kong and Shanghae Bank, London, and we shall be glad if you will kindly convey to His Britannic Majesty's Foreign Office our desire in this respect. For your information we also inclose a copy of a letter addressed by us to the British Delegate on this subject.

We have, &c.
(For the Imperial Railways of North China),
(Signed) M. T. LIANG, WU CHIA-HSIU, } *Directors.*

Inclosure 2 in No. 1.

Directors of the Imperial Railways of North China to the British Delegate, Claims Commission.

Sir, *Tien-tsin, July 25, 1905.*

WE shall be very glad if you will kindly communicate to the British Government (Foreign Office) our request to have all future payments on account of our indemnity claim, capital or interest, made to the Hong Kong and Shanghae Banking Corporation,

London, for the credit of our current account "A." We do not wish such money to be remitted to Tien-tsin as in the past.

We have, &c.
(For the Imperial Railways of North China),
(Signed) M. T. LIANG, WU CHIA-HSIU, } *Directors.*

Inclosure 3 in No. 1.

British Delegate, Claims Commission, to the Accountant, Imperial Railways of North China.

Shanghae, July 4, 1905.

Sir,

UNDER instructions from the Foreign Office, I remitted you on the 4th instant, through the Hong Kong and Shanghae Banking Corporation, the sum of 76,545*l.* 6*s.* on account of your indemnity claim.

Of this amount, 6,860*l.* 17*s.* 9*d.* is for interest at 4 per cent. during the past six months, and the balance of 69,684*l.* 8*s.* 3*d.* is on account of claim capital, which is now reduced to 274,888*l.* 15*s.* 10*d.*, as per detailed Statement herewith.

I have, &c.
(Signed) H. HUNTER.

Inclosure 4 in No. 1.

Imperial Railways of North China.

INDEMNITY CLAIM ACCOUNT.

	£	s.	d.
Total amount of claim allowed..	437,000	0	0
Less amount advanced by War Office and refunded on 8th April, 1905	90,000	0	0
Amount of claim	347,000	0	0
On which interest has been paid at 4 per cent. per annum from the 1st January, 1902, to the 31st December, 1904, in all, 41,640*l.*			
Capital—			
1st January, 1905.—Capital amount of claim..	347,000	0	0
8th April, 1905.—By payment per T.T. from London on account of British Government after repayment of above 90,000*l.* ..	2,426	15	11
	344,573	4	1
Interest—			
Interest on 347,000*l.* from the 1st January to the 8th April, 1905=98 days, at 4 per cent. per annum	3,726	13	9
Interest on 344,573*l.* 4*s.* 1*d.* from the 8th April to the 30th June, 1905=83 days, at 4 per cent. per annum	3,134	4	0
To interest for half-year	6,860	17	9
By payment on the 4th July, 1905—			
On account of capital	69,684	8	3
On account of interest as above	6,860	17	9
	76,545	6	0
Claim capital	344,573	4	1
Less paid on the 4th July, 1905, as above	69,684	8	3
To balance of indemnity claim..	274,888	15	10

Shanghae, July 4, 1905.

488

F. O.,

August 7 1905.

Despatched 5.15. M.

Draft.

Sir E. Satow

Telegram.

No. 118

H. & S. Bank

July 31. 05

int and Copies.

mphrase.

Indemnity

Under present arrangement with Railway Administration half of ~~[illegible]~~ each monthly instalment should be paid to them through Hongkong and Shanghai Bank at Tientsin.

Can you suggest method of effecting this without transmission to this Country of Administration's share?

Delegate

224

Delegates appears to be telegraphing whole amount received.

F. O.,

August 7. 1905.

Draft.

Sir E. Satow.

Paraphrase of Telegram.

No. 118.

Print. (China)

As you are aware under the existing arrangement between H. M. G. and the Imperial Railways Administration of North China the latter receive through the Tientsin branch of the Hongkong Shanghai Bank half of each monthly instalment of the China Indemnity.

I should be glad if you could suggest a way by which this could be done without the railway share being remitted to

Sir E. Satow.

TELEGRAM.

No. 118.

F. O., Aug 7. 1905.

China Indemnity

Inquiries should be made whether it would be possible for the Imperial Railways Administration of North China to effect the transmission to the Bank Print and copies.

Paraphrase.

[Hd. Bank July 21. 1905]

to this country.
It would appear that the whole amount received by the British Delegate on the Bankers Commission is being telegraphed home.

Print.

Telegram P.

DRAFT.

Paraphrase of Telegram.

No. 118.

F. O. August 7 1905

W. R.

W. Tyrrell

490A

Aug: 8 1905

Draft

The Secretary
Hongkong & Shanghai Banking
Corporation Ld.
31 Lombard Street
&
Treasury

W.

Sir T. Sutton Tel. No. 147
of Aug: 8. 1905

Sir,

With reference to ~~your~~ my letter of the ~~31st ult.~~ 8th inst. I am directed by the Marquess of Lansdowne to inform you that a telegram has been received from H. M. Minister at Pekin stating that the Imperial Railways' Administration of North China request that their share of each monthly instalment

instalment of the China Indemnity may be paid to their account with the Hong Kong & Shanghai Banking Corporation in London.

[To the Bank only]

I am to ask that this request may be complied with and that the arrangement suggested in the letter from this dept. of the 7th inst: may be cancelled.

Decypher Tel from Sir E Satow Peking 7/15/10 received August 8. 1905

No 147 -

Indemnity.

Your Tel to 118.

Railway Administration request that their share may be paid to their account with the Hong Kong and Shanghai Bank, London.

Despatch by bag -

Hongkong & Shanghai Banking Corpn

Treasury

FO Aug 8, 1905

Rep Chin July 31
FO Aug 8

China Indemnity - share of R.
China Ins & Rlways

Inst of letter Tel 147 Aug 8 (Chinl)
to cancel arrangement in FO Aug 7

236 C.R.

British Legation,

Peking,

August 8th, 1905. 190 .

Paraphrase of
Telegram.
No. 147.

Please refer to Your Lordship's telegram No. 118 respecting the indemnity.

I have received a request from the Railway Administration that their share may be paid into their account at the London Branch of the Hongkong and Shanghai Bank.

I am sending a Despatch by bag to Your Lordship on this subject.

Ernest Satow

212 h 4 x

Peking Aug. 8. 1905.
Tel. 3.c Tel. No. 118.
N.B. Indemnity.
Railway administration request that their share may be paid to their account with Hongkong and Shanghai Bank.
print copies

Dn. Anizifin
Mr. Ingram
Pd. Inform Finance
and Hongkong and
Shanghai Bank.
EG
42.
Dfto. Aug. 8 1905

TELEGRAPHIC ADDRESS.
BONIFACE, LONDON.
ALL LETTERS TO BE ADDRESSED
REMITTANCES MADE PAYABLE TO THE
"HONGKONG & SHANGHAI BANKING CORPORATION"
NOT TO INDIVIDUALS.

Hongkong & Shanghai Banking Corporation,
31, Lombard Street, London, E.C.

14th August 1905. 190

Sir,

We beg to acknowledge receipt of your letter of the 8th instant, and we note that in accordance with the telegram which you have received from His Majesty's Minister in Pekin, the share of each monthly instalment of the Chinese Indemnity belonging to the Imperial Railways Administration of North China is to be paid to their account with this Bank in London.

These instructions shall be duly carried out.

We are to-day sending to H. M. Treasury our cheque for £13,890. being the half of the monthly instalment of £27,780. received on 31st July, belonging to the British Government.

RRW

I am, Sir,

Your obedient servant,

G. W. Kent
Manager.

F. A. Campbell Esq, C.B.

Foreign Office.

PEKING, Aug: 8th 1905.

Paraphrase of Tel.

No. 147.

Recd. Aug 8.
By Bag.

Railway Indemnity.

23/8
Admiralty
China

4946A

AFFAIRS OF CHINA.

[October 21.]

CONFIDENTIAL.

SECTION 1.

No. 1.

Sir E. Satow to the Marquess of Lansdowne.—(Received October 21.)

(No. 294.)

My Lord,

Peking, August 28, 1905.

WITH reference to the concluding paragraph of my despatch No. 275 of the 4th instant, I have the honour to inclose herewith copy of an amended statement of the Imperial Railways of North China's indemnity claim, made up to the 4th July last, which I have received from the British Delegate at Shanghae.

Mr. Hunter states that as interest has only been allowed on 347,000*l.* from the 1st January, 1902, interest on the difference of 5,670*l.* 13*s.* 8½*d.* from that date is included in this statement.

I have, &c.
(Signed) ERNEST SATOW.

Inclosure in No. 1.

Imperial Railways of North China Indemnity Claim Account.

(Amended Statement.)

Item.	Amount. £	s.	d.
Total amount of claim allowed	442,670	13	8¼
Less amount advanced by War Office and refunded on the 8th April, 1905	90,000	0	0
(Interest has been paid on 347,000*l.* from the 1st January, 1902, to the 31st December, 1904—3 years, at 4 per cent. per annum = 41,640*l.* in all.)	352,670	13	8¼
Capital—			
1st January, 1905: Capital amount of claim	352,670	13	8¼
8th April, 1905: By payment per T.T. from London on account of British Government after repayment of above 90,000*l.*	2,426	15	11
	350,243	17	9¼
Interest—			
Interest on 5,670*l.* 13*s.* 8½*d.*, being difference between 347,000*l.* on which interest has been allowed up to the 31st December, 1904, and 352,670*l.* 13*s.* 8½*d.* from the 1st January, 1902, to the 31st December, 1904, at 4 per cent. per annum ..	680	9	7
Interest on 352,670*l.* 13*s.* 8½*d.* from the 31st December, 1904, to the 8th April, 1905, at 4 per cent. per annum	3,787	11	8
Interest on 350,243*l.* 17*s.* 9¼*d.* from the 8th April, 1905, to the 30th June, 1905, at 4 per cent. per annum	3,185	15	7
Total interest due to the 30th June, 1905 ..	7,653	16	10
By payment on the 4th July, 1905, on account of capital ..	68,891	9	2
" " on account of interest, as above	7,653	16	10
Total payment on the 4th July, 1905	76,545	6	0
Statement of claim—			
Claim capital..	350,243	17	9¼
Less paid on the 4th July, 1905, as above..	68,891	9	2
To balance of indemnity claim	281,352	8	7¼

Shanghae, July 4, 1905.

[2219 *x*—1]

Rec. 14 Aug 1905.
(Rep 30 Aug 8)

China Indemnity—Chinese Govt. notes arrangement for payment of monthly instalments. Have not insisted upon strict adherence to monthly instalments since receipt of July 30

1020. C.A.D.

G R Warner.

70.

Aug 8 1905.

Draft
Sir E Satow
No. 192.

Sir,

With reference to your despatch No. 1 Treaty of Jan 6 last, I transmit to you herewith a silver inkstand which H.M. Gov^t are desirous of presenting to Mr. J E Foley, Traffic Manager of the Imperial Rlys of N. China, as a recognition of his services to H.M. Gov^t during the time the line between Peking & Shanhaikwan was under British Administration.

Both Lieut.-Gen Sir A Gaselee & Major-Gen Sir O'Moore Creagh speak in terms of high praise of

Inkstand.

(Treasury July 29. 05)

of Mr. Foley's Efficient management of the line at a difficult time and of the zeal with which he endeavoured to further British interests.

I should wish you to request (Mr. Foley's acceptance of) this present with suitable expressions to the above effect.

Draft
Sir E. Satow
No 192
F.O. Aug. 31 1905.
(Reply his 1 Treasury Jan 1)
Letter initialed for Mr. Foley
Sir:
[Treasury July 29]

459 C.L.

Draft.
Treasury.

F.O.
Oct. 7 1905.

496

Sir,

I am directed by the Marquess of Lansdowne to transmit herewith for the information of the Lords Commissioners of the Treasury a copy of a Despatch which has been received from H. M. Minister at Peking on the subject of the desire of the Directors of the Imperial Railways of North China that future

Sir E. Satow
No 276. Aug 4. 1905.

future payments on account of their indemnity claim may be paid to their account with the Hongkong and Shanghai Banking Corporation in London

I am to enquire whether Sir E. Satow may be instructed to inform the Administration that their wishes in regard to this question will be complied with.

~~At the same time I am to remind the Lords Commissioners in view of the arrangement which has been agreed to by all the Powers~~

That

~~that after December 31st~~ the British share of the future instalments of the Indemnity should be paid direct to 5 H.M.S. without the intervention of the Commission of Bankers or the Hongkong and Shanghai Bank, by means of telegraphic transfers, I am ~~to~~ to enquire whether in the opinion of the Lords Commissioners any communication should be made to Sir E. Satow as to the manner in which ~~the~~ half share ~~due to~~ the ~~South Chinese~~ Railway Administration ~~after in December 31~~ ~~should will~~ ~~hereafter~~

~~To pay~~ payment will be made to the ~~[illegible]~~ account of the R.y Administration of the share which they are to receive of each sum paid to H.M.G. by the Chinese Govt.

Fal

Draft
Treasury
F.O. Oct 7 1905

N. China Railway Indemnity
A copy Sir E Satow's letter 25 Aug
should request for payments to
Hongkong & Shanghai Bank in
London be confirmed still?
What should be said to Sir E Satow
as to manner of paying Railway
share of China Indemnity
instalments?

993 ch. D.

In the reply to this Letter the following Number should be quoted.

18994
05.

TREASURY CHAMBERS,
20th October 1905.

Sir,

In reply to Mr.Campbell's letter of the 7th instant on the subject of the payments to the Railways Administration of North China on account of their indemnity claim, I am directed by the Lords Commissioners of His Majesty 's Treasury to acquaint you, for the information of the Marquess of Lansdowne, that They have no objection to offer to the request of the Railways Administration that future payments may be made to their account with the Hong Kong and Shanghai Banking Corporation in London, and They had assumed from Sir E. Gorst's letter of the 8th August last that this had been agreed to. After the 31st December next however, when the arrangement for direct payment to His Majesty's Government of the British share of the instalments of the China Indemnity is to take effect, the share due to the Railways Administration of each sum so received would be transferred from the Bank of England to their account with the Hong Kong and Shanghai Banking Corporation in London on an Order of this Board (see Treasury letter 14474/05. of the 7th August last). Sir E. Satow should, in Their Lordships' opinion, be informed of this arrangement.

I am,
Sir,
Your obedient Servant,

E W Hamilton

The Under Secretary of State,
Foreign Office.

WB

F.O.
Oct. 26. 05

Draft
Sir C. Satow
No. 239.

Print (China)

Treasury, Oct. 20, 05

Sir,

With reference to your Desp. No. 275 of Aug. 4 last, I have to inform you that on the receipt of your tel. No. 147 of Aug. 8 last a letter was addressed to the Hongkong and Shanghai Banking Corp.n Ltd informing them of the request of the Administration of the Imperial Railways of N. China that their share of each monthly instalment of the

2-2219 cc2

Treasury
20 OCT. 05
R. 21.

(Ref. F.O. Oct. 7)

N. China Railway Indemnity.
No objection to future payments being made to Railway's or Shanghai & Shanghai Bank in London. After Dec. 31 cash payment will be transferred to these ps from Bk of England. Treasury should be informed.

The Treasury are glad to have obtained this arrangement with the Bank that the future payments of the Chinese Administration of N.R. Claim are to be placed to their account here.

Q. Tel. No. 7.

Sir C. Satow. Glad to have succeeded in arranging with the H. & S. Bank, and asked information as to the arrangement.

This is a Treasury effect. after the 31st of Dec.

his weights etc. informed the H. & S. Bank.

JLC
I see by the Banks letter of Aug 14 this has been done.

Draft
Sir C. Satow No. 239.
Oct. 26. 05

of the Foreign Office.

1283 Ch. D.

the China Indemnity might be paid to their account with the Hongkong and Shanghae Banking Corp.^n in London, and asking that this request might be complied with.

In a letter subsequently received from the Bank it was stated that these instructions would be duly carried out.

~~It should, however, be added that~~ After Dec. 31 next, when the arrangement for direct payment to H.M.S. of the British share of the instalments of the China Indemnity is to take effect, the share due to the Rys Administration of each sum so received will be transferred from the Bank of England to their account with the H. & S. Bank. in London on an order of the Treasury.

~~I request that you will take note of this arrangement, of which the Bank have already been informed.~~

AFFAIRS OF CHINA.

CONFIDENTIAL.

[October 26.]

SECTION 2.

No. 1.

The Marquess of Lansdowne to Sir E. Satow.

(No. 239.)

Sir,

Foreign Office, October 26, 1905.

WITH reference to your despatch No. 275 of the 4th August last, I have to inform you that on the receipt of your telegram No. 147 of the 8th August last a letter was addressed to the Hong Kong and Shanghae Banking Corporation (Limited) informing them of the request of the Administration of the Imperial Railways of North China that their share of each monthly instalment of the China indemnity might be paid to their account with the Hong Kong and Shanghae Banking Corporation in London, and asking that this request might be complied with.

In a letter subsequently received from the bank it was stated that these instructions would be duly carried out.

After the 31st December next, when the arrangement for direct payment to His Majesty's Government of the British share of the instalments of the China indemnity is to take effect, the share due to the Railways Administration of each sum so received will be transferred from the Bank of England to their account with the Hong Kong and Shanghae Bank in London on an order of the Treasury.

I am, &c.

(Signed) LANSDOWNE.

Draft
Sir E. Satow
No 239
FO Oct. 26 1905
(Reg. No. 275 Aug 4)
(" 147 Aug 8)

N. China Railways share of China Indemnity instalments.
Informs of correspondence with Hong Kong & Shanghai Bank. Asks Satow to inform Treasury Oct. 30.
Rec'd (Finance) 31/10

5 sq. Ch. 2

SHANGHAI, 26th October 1905.

My Lord,

I have the honour to enclose receipt in triplicate from the Imperial Railways of North China for £39,057.4.6, being payment made on account of their Indemnity claim in accordance with the instructions contained in your letter of 1st April 1905 to the Manager of the Hongkong and Shanghai Banking Corporation, London.

I have the honour to be,

Your Lordship's most obedient

humble Servant,

B. Bennett

British Delegate.

The Most Honourable,

The Marquess of Lansdowne, K.G.,

His Majesty's Principal Secretary of State for Foreign Affairs,

L O N D O N.

ORIGINAL.

Received from The British Delegate on the Bankers Commission, through The Hongkong and Shanghai Banking Corporation, London, on 8th August 1905, the sum of Sixty nine thousand and fifty seven pounds, four shillings and six pence, on account of the Indemnity Claim of the Imperial Railways of North China.

£69,057.4.6.

IMPERIAL RAILWAYS OF NORTH CHINA.

Tientsin, September 1905.

M. T. Liang,
DIRECTOR.

DUPLICATE.

Received from The British Delegate on the Bankers Commission, through The Hongkong and Shanghai Banking Corporation, London, on 8th August 1905, the sum of Sixty nine thousand and fifty seven pounds, four shillings and six pence, on account of the Indemnity Claim of the Imperial Railways of North China.

IMPERIAL RAILWAYS OF NORTH CHINA.

£69,057.4.6.

M. T. Liang,
DIRECTOR.

Tientsin, September 1905.

TRIPLICATE.

Received from The British Delegate on the Bankers Commission, through The Hongkong and Shanghai Banking Corporation, London, on 8th August 1905, the sum of Sixty nine thousand and fifty seven pounds, four shillings and six pence, on account of the Indemnity Claim of the Imperial Railways of North China.

IMPERIAL RAILWAYS OF NORTH CHINA.

£69,057.4.6.

M. T. Liang,
DIRECTOR.

Tientsin, September 1905.

North China

D. 26 Oct. 7
R. 1 Dec. 5 1905

1 encl.

North China Railway Indemnity
transmits their receipt for
£69,057-4-6 paid through
Hongkong & Shanghai Bank.

Chief Clerk
Treasury W.I.
P.S. 4 Dec. 1905.

Hillebrand

Encl in
Mr H. Hunter
Oct 26, 1905

that if the Extraordinary line has not been put into as good a state as it was before the Boer outbreak, the diversion of the funds to military purposes, is nothing less than an misappropriation.

But we must get the facts.

Jul Nov 13

Consult Sir E. Satow as proposed.

If the facts are as stated the request seems eminently reasonable.

L.

4-2248 i 2

NORTHERN RAILWAYS OF CHINA.

The methods of the Chinese Railway Administration now that the British & Chinese Corporation has, under advice, withdrawn its contention that the Surplus Revenue of the Railway was hypothecated for the security of the Bondholders forms the subject of some recent correspondence between Mr. Hillier, the Peking Agent of the Hongkong & Shanghai Bank, and Mr. Kinder, the Chief Engineer of the Northern Railways and stated shortly it appears therefrom:-

1. That the Surplus Revenue is being withdrawn for Military purposes.

2. That the Indemnity Funds coming in from the British Government are being similarly dealt with.

3. That improvements urgently demanded especially on the Extra Mural system where expenditure would be attended with very great advantage are not contemplated.

4. That under these conditions the Railway to Kalgan which was put in the forefront of the Chinese demand for the release of the Surplus Revenue will not be constructed although a pretended commencement has been made with funds of which 90% at least has been misappropriated.

Lamentable as is this mistaken policy there is no question but that the Chinese are at liberty to dispose of Surplus

Revenue as they think fit.

But it further appears from the correspondence that the Intra Mural Railway mortgaged to the Bondholders has never been restored to the value it possessed previous to the Boxer Outbreak and if this be so the Indemnity Funds ought not to be unreservedly regarded as accumulated Revenue and be so dealt with.

It is submitted that before paying any further Indemnity Funds to the Chinese, H. B. M. Government should require the Chinese to produce a Certificate from the Chief Engineer of the value of the Railway as compared with it's value previous to the Boxer outbreak and that any deficiency shall be made good by the hypothecation of Indemnity Funds.

AFFAIRS OF CHINA. [November 9.]

CONFIDENTIAL. SECTION 2.

No. 1.

Memorandum Communicated by Mr. Keswick, November 9, 1905.

NORTHERN RAILWAYS OF CHINA.

(Confidential.)

THE methods of the Chinese Railway Administration, now that the British and Chinese Corporation has, under advice, withdrawn its contention that the surplus revenue of the railway was hypothecated for the security of the bondholders, forms the subject of some recent correspondence between Mr. Hillier, the Peking Agent of the Hong Kong and Shanghae Bank, and Mr. Kinder, the Chief Engineer of the Northern Railways, and, stated shortly, it appears therefrom :—

1. That the surplus revenue is being withdrawn for military purposes.

2. That the indemnity funds coming in from the British Government are being similarly dealt with.

3. That improvements urgently demanded, especially on the extra-mural system, where expenditure would be attended with very great advantage, are not contemplated.

4. That, under these conditions, the railway to Kalgan, which was put in the forefront of the Chinese demand for the release of the surplus revenue, will not be constructed, although a pretended commencement has been made with funds of which 90 per cent. at least has been misappropriated.

Lamentable as is this mistaken policy, there is no question but that the Chinese are at liberty to dispose of surplus revenue as they think fit.

But it further appears from the correspondence that the intra-mural railway mortgaged to the bondholders has never been restored to the value it possessed previous to the Boxer outbreak, and if this be so the indemnity funds ought not to be unreservedly regarded as accumulated revenue and be so dealt with.

It is submitted that, before paying any further indemnity funds to the Chinese, His Britannic Majesty's Government should require the Chinese to produce a certificate from the Chief Engineer of the value of the railway as compared with its value previous to the Boxer outbreak, and that any deficiency shall be made good by the hypothecation of indemnity funds.

Dec: 2.4.1905

Draft

Sir E. Satow

No. 279 Cf.

TM.

Print China

Inform by mail Kenrick
Nov: 9.1905

Sir,

I transmit to you, for your confidential information, the accompanying copy of a memo which has been communicated by Mr. Kenrick M.P., the Chairman of the British & Chinese Corporation, calling attention to the disposal by the Chinese Authorities of the funds belonging to the Imperial Railways of Northern China.

2:2295 d 1

Yours

You will observe from this statement that the Surplus Revenue is being withdrawn for military purposes; the Indemnity payments made by the Hon Govt are being similarly dealt with; that improvements which are urgently needed especially for the Intra-mural system are not in contemplation; & that in these circumstances there is no prospect of the Railway to Kalgan being "completed.

I shall be glad to receive from you any observations you may have to make on the subject of these complaints and to know how far the statements respecting the Kalgan line & the Intra-mural railway are borne out by the facts of the case & whether you can suggest any means to secure the intra-mural line being placed in a proper state of repair to prevent the money paid for the purpose not being diverted to other objects.

Draft Report.)
Sir E. Satow
No. 279
F.O. Dec. 4, 1905.

Disposal of funds of N. China Railway

Co. copy of Mr. Keswick's memo of Nov. 9, 1905 and notes for any answer to the complaints contained therein

5/12
Print (China)

456 Ch. Dep.

510
END

AFFAIRS OF CHINA. [December 4.]

CONFIDENTIAL. SECTION 1.

No. 1.

The Marquess of Lansdowne to Sir E. Satow.

(No. 279. Confidential.)

Sir, *Foreign Office, December 4, 1905.*

I TRANSMIT to you, for your confidential information, the accompanying copy of a Memorandum which has been communicated by Mr. Keswick, M.P., the Chairman of the British and Chinese Corporation,* calling attention to the disposal by the Chinese authorities of the funds belonging to the Imperial Railways of Northern China.

You will observe from this statement that the surplus revenue is being withdrawn for military purposes; the indemnity payments made by His Majesty's Government are being similarly dealt with; that improvements which are urgently needed, especially on the extra-mural system, are not in contemplation; and that in these circumstances there is no prospect of the railway to Kalgan being constructed.

I shall be glad to receive from you any observations you may have to make on the subject of these complaints, and to know how far the statements respecting the Kalgan line and the extra-mural railway are justified by the facts of the case, and whether you can suggest any means to insure the intra-mural line being placed in a proper state of repairs, and to prevent the money paid for the purpose not being diverted to other objects.

I am, &c.
(Signed) LANSDOWNE.

* Memorandum by Mr. Keswick, November 9, 1905.